



2008/09

Annual Report



HOUSING MATTERS

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BC Housing



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The following appendices are located on BC Housing's website at www.bchousing.org

Appendix A – Changes in Reporting

Appendix B – Disclosure of Key Reporting Judgments



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Joint Message from the Chair and Chief Executive Officer

BC Housing is committed to working with our many partners to provide housing for British Columbians in greatest need. Over 90,000 individuals and families in 200 communities were served through our programs and initiatives in 2008/09. Provincial spending through BC Housing increased to a record \$429.4 million in 2008/09, allowing us to fast-track the development of more supportive housing for the homeless, acquire and renovate single room occupancy hotels and rental buildings, enhance emergency shelter services, expand homeless outreach and convert more existing social housing units for those needing priority access.

Our programs and initiatives are making a difference in people's lives and in the fabric of our communities. In 2008/09 over 5,900 homeless individuals moved from the street or emergency shelters to stable housing through the *Homeless and Aboriginal Outreach and Emergency Shelter Programs*. Enhancements to the *Rental Assistance Program* enabled us to provide cash assistance to more than 8,300 working families in the rental market with 5,000 new families joining the program last year. More than 1,700 new social housing units were created in 37 communities across the province under such programs as the *Provincial Homelessness Initiative* and *Independent Living BC* for seniors. We continue to forge strong partnerships with local governments and housing providers to create new supportive housing for the homeless.

This year we are reporting results of two new performance measures that strongly reflect our corporate priorities. Working with service providers we are beginning to measure success in breaking the cycle of homelessness. During the first six months of 2008/09 eighty-seven percent of chronically homeless individuals housed through homeless outreach and emergency shelters remained housed six months later. This result is very promising and we look forward to reporting full-year results in 2009/10.

For the first time we are also reporting on reductions in greenhouse gas emissions from activities in our offices and public housing buildings. We achieved a six percent reduction this year, primarily through energy efficiency retrofits to the housing stock. Overall we achieved or exceeded targets for 13 of our 16 performance measures.

(continued on page 2)

About this Annual Report

The 2008/09 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of BC Housing for the twelve months ended March 31, 2009 in relation to the February 2008 Service Plan. The measures presented are consistent with BC Housing's mandate, goals and strategies, and focus on aspects critical to the organization's performance.

The Board is responsible for ensuring internal controls are in place to ensure performance information is measured and reported accurately and in a timely fashion.

All significant decisions, events and identified risks, as of March 31, 2009, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Also identified in this report are any changes to mandate, direction, goals, strategies, measures or targets made since the February 2008 Service Plan was released, and any significant limitations in the reliability of data.

Joint Message from the Chair and Chief Executive Officer (continued)



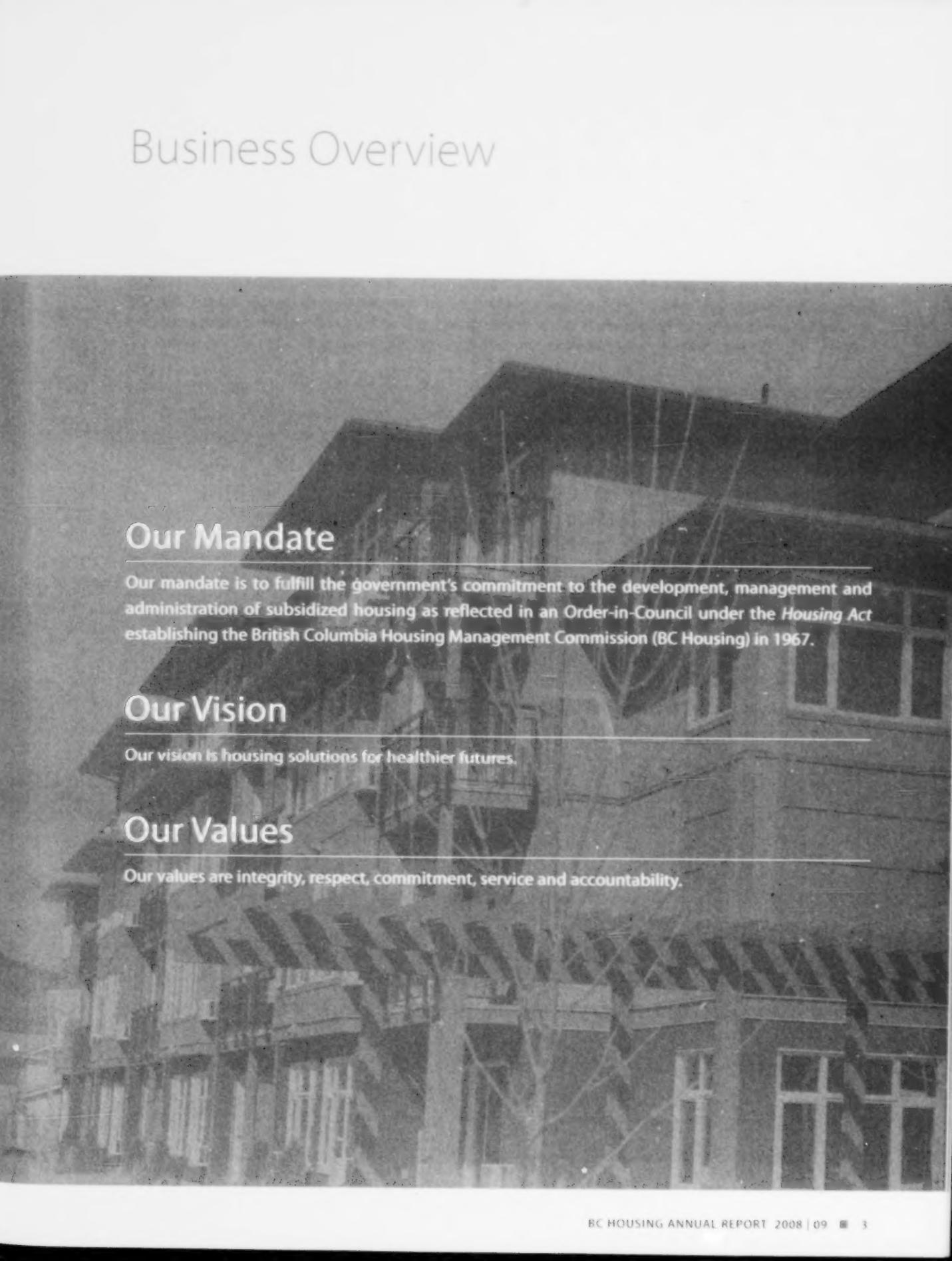
Memorandum of Understanding agreements have been signed with eight local governments across the province totaling approximately 1,970 units on 30 sites. These partnerships recognize the important role that communities play in addressing homelessness and creating new affordable supportive housing options.

Looking ahead, the downturn in the global economy and its impact in B.C. will likely mean an increased demand for our programs and services during a period of fiscal restraint. Our emphasis will be on striving to deliver services cost-effectively, and working closely with our government, community and housing provider partners to leverage expertise and resources. New federal and provincial capital funding for housing under the *Seniors Rental Housing* initiative will increase needed affordable housing for seniors and persons with disabilities, stimulate local economies and create jobs across the province. The partnership initiatives we are undertaking and planning for today will ensure that we can continue to provide housing for those in greatest need in the coming years.

Brenda Eaton
Chair, Board of Commissioners

Shayne Ramsay
Chief Executive Officer

Business Overview



Our Mandate

Our mandate is to fulfill the government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the *Housing Act* establishing the British Columbia Housing Management Commission (BC Housing) in 1967.

Our Vision

Our vision is housing solutions for healthier futures.

Our Values

Our values are integrity, respect, commitment, service and accountability.

Housing Matters BC

A Housing Strategy for British Columbia

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by *Housing Matters BC*. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is the lead government agency ensuring the first four goals are met through a variety of programs and partnerships. Following are programs and initiatives we have underway in support of these long-term goals.

THE HOMELESS HAVE ACCESS TO STABLE HOUSING WITH INTEGRATED SUPPORT SERVICES

- New supportive housing through *Provincial Homelessness Initiative*
- Expansion of the *Homeless Outreach Program* and homeless rent supplements
- Enhancements to the *Emergency Shelter Program*
- Purchase of single room occupancy hotels and rental housing buildings

B.C.'S MOST VULNERABLE CITIZENS RECEIVE PRIORITY FOR ASSISTANCE

- New supported and assisted living units through *Independent Living BC*
- Adapting and converting existing social housing units for those in greatest need through, for example, *Seniors' Supported Housing*, *Health Services* and *Priority Placement Programs*

ABORIGINAL HOUSING NEED IS ADDRESSED

- New affordable housing for Aboriginal people living off-reserve through the *Aboriginal Housing Initiative*
- *Aboriginal Homeless Outreach Program* and homeless rent supplements
- Improved capacity and relationship building with the Aboriginal housing sector

LOW-INCOME HOUSEHOLDS HAVE IMPROVED ACCESS TO AFFORDABLE RENTAL HOUSING

- Continued delivery of *Shelter Aid for Elderly Renters* (SAFER)
- Enhancements to the *Rental Assistance Program* for working families

HOME OWNERSHIP IS SUPPORTED AS AN AVENUE TO SELF-SUFFICIENCY

B.C.'S HOUSING AND BUILDING REGULATORY SYSTEM IS SAFE, STABLE AND EFFICIENT

Descriptions of B.C. housing programs can be found at www.bchousing.org.

Core Business Areas

BC Housing's core business areas are aligned to support our business direction established through *Housing Matters BC* and integrated within our performance measurement framework (see pages 18-19). A chart highlighting BC Housing's key service areas can be found on page 14. Our core business areas and business outputs during 2008/09 include:

DUR CORE BUSINESS AREAS – HIGHLIGHTS FOR 2008/09

Increasing Housing Options to respond to gaps in the housing continuum. Where there are gaps in the existing housing continuum, BC Housing works to fill these either by creating new options or adapting existing housing to better meet the needs of vulnerable residents.

- Created over 1,700 new social housing units in 37 communities across B.C. under programs such as the *Provincial Homelessness Initiative, Independent Living BC and Community Partnerships initiatives*.
- Signed Memorandums of Understanding (MOUs) with five additional municipalities in 2008/09 to expedite the creation of new supportive housing, bringing the total to date to eight MOUs and approximately 1,970 new units on 30 sites.
- Provided 24,183 families and seniors with rent assistance through the *Rental Assistance Program* and the *Shelter Aid for Elderly Renters* program.
- Converted 491 subsidized housing units under the *Seniors' Supportive Housing* program to supportive housing units for low-income seniors who need some assistance to continue to live independently.
- Approved funding of almost \$11.5 million for 45 innovative new housing projects through the *Housing Endowment Fund*.
- Created 20 new units of affordable housing for Aboriginal individuals and families under the *Aboriginal Housing Initiative*.
- 3,300 chronically homeless people were housed through the *Homeless Outreach Program* and another 2,600 homeless people were housed through gateway services offered through the *Emergency Shelter Program*.

Maintaining and Administering Existing Housing housing to protect and manage for the long term. We have a responsibility to ensure that existing subsidized housing is well managed and well maintained so that it is available for people in need well into the future.

- Completed 934 modernization and improvement projects at public housing sites.
- Completed \$30 million in building envelope repair projects at social housing sites.
- Completed energy and water audits at 45 per cent of all public housing sites and 100 per cent of the Metro Vancouver Housing Corporation stock.

(continued on page 6)

Core Business Areas (continued)

(continued from page 5)

Providing Client Service to ensure access to appropriate housing and services for vulnerable British Columbians. We are client-focused in delivering our programs and working with our housing partners:

- Found appropriate housing for more than 2,100 applicants in subsidized housing through the Housing Registry
- Responded to over 66,577 calls through BC Housing's inquiry line
- Increased participation in the Housing Registry by 13 societies
- Implemented, with our government and non-profit partners, the Supportive Housing Registration (SHR) service to provide a single point of access for applicants to the provincially-owned single room occupancy (SRO) hotels and 14 other Vancouver-owned supportive housing sites under development

Delivering Services Cost-Effectively through organizational excellence. We are accountable to British Columbians about how we spend taxpayers' dollars and work to ensure effective, efficient and integrated delivery of programs and services:

- Created the Asset Strategies Branch to provide portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing assets
- Improved tools and IT systems to support the Housing Registry to achieve significant improvement in identifying applicants with the greatest housing need and improved matching of all applicants with appropriate subsidized housing units
- Implemented BC Housing's People Strategy with a focus on employee engagement, leadership, succession planning, learning and growth

ENVIRONMENTAL SUSTAINABILITY AND SOCIAL HOUSING

In 2008/09 BC Housing introduced its sustainability strategy *livegreen: A Housing Sustainability Action Plan* that outlines its vision to be a leader in North America in developing and managing environmentally sustainable social housing. The plan's three main objectives are:

- Reducing energy consumption and implementing measurable sustainability improvements across new and existing social housing buildings
- Engaging stakeholders, employees and social housing tenants in positive sustainability actions
- Encouraging B.C.'s residential construction sector to practice sustainable construction and property management

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint.

British Columbia's Housing Context

The vast majority of British Columbians are housed successfully in the private housing market, even with the high cost of home ownership and rent in many urban centres. About 14 per cent of BC's 1.600,700 households own or rent their homes in the private market. According to Canada Mortgage and Housing Corporation (CMHC), about 16 per cent of these households are in core housing need, and of this number 27 per cent are renter households paying more than 50 per cent of their income on housing. Often households spending 50 per cent or more of their income on rent are considered to be in greatest need with obstacles to finding safe and stable housing in the private market and have a high risk of economic eviction or homelessness.

Government-assisted housing is targeted to those in greatest need. In total, over 90,000 households in about 2,000 communities benefitted from subsidized housing in 2008/09. Some 900 housing providers—mostly non-profit societies and housing co-operatives—manage about 57,000 of these units and BC Housing manages 7,800 public housing units. An additional 24,183 low-income families and senior households received financial assistance to make their rent more affordable in the private market through SHEL and the rental assistance program. Altogether these units represent about six percent of the total housing stock in BC.

The map below shows BC Housing's service regions. Using 2006 CMHC data, the table shows the general distribution of households paying 50 per cent or more of their income on rent and those assisted through the current inventory of subsidized housing units and rent supplements.



Interior
Fraser Region
Vancouver Coastal Region
Vancouver Island
North

INTERIOR

Total number of households	269,125
Households spending > 50% of their income on rent	4,700
Households assisted through subsidized housing	12,907

FRASER REGION

Total number of households	514,196
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	25,968

VANCOUVER COASTAL REGION

Total number of households	419,416
Households spending > 50% of their income on rent	23,840
Households assisted through subsidized housing	31,409

VANCOUVER ISLAND

Total number of households	207,800
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	15,200

NORTH

Total number of households	103,300
Households spending > 50% of their income on rent	2,800
Households assisted through subsidized housing	4,623

Based on 2006 Canada Mortgage and Housing Corporation (CMHC) report, *Assisted Housing in Canada: 2006-2007*. Includes 1,600,700 households, 200,000 low-income families, 200,000 seniors and 70,000 other households. Households receiving financial assistance through the Social Assistance Program are included in the total number of households. Households receiving financial assistance through the Rental Assistance Program are included in the total number of households.

Who We Serve

INDIVIDUALS WHO ARE HOMELESS

- Homelessness is a growing concern for many communities throughout B.C. Some reports estimate the costs of homelessness to the health, social, and justice systems to be over \$55,000 per person per year. (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University)
- Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be geographical such as affordability, availability or suitability, or a combination of life events including disabilities, health and mental health issues, addictions, social exclusion, joblessness or a breakdown of relationships.

FRAIL SENIORS AND INDIVIDUALS WITH SPECIAL HOUSING NEEDS

- The population of seniors will increase from 14 per cent of B.C.'s population in 2007 to 20 per cent in 2036 putting pressure on social housing buildings. The B.C. senior population will grow from 1.6 million in 2007 to 3.02 million in 2036. (BC Stats)
- People who have special housing needs include those with severe physical disabilities or illnesses, cancer, chronic mental illness, those living with HIV/AIDS, drug and alcohol dependencies.
- Frail seniors and individuals with special housing needs require a range of support services to help them move to more stable lives. Supportive housing allows them to live independently.

ABORIGINAL INDIVIDUALS AND FAMILIES

- Aboriginal people are disproportionately represented among those who are in low-income and homeless.
- More than 22.3 per cent of off-reserve Aboriginal households are in low-income need (compared to 10.1 per cent of non-Aboriginal households). (Statistics Canada)

WOMEN AND CHILDREN FLEEING VIOLENCE

- There were 10,273 incidents of spousal assault reported to police in B.C. in 2007. Spouse assault accounted for more requests for victim services than any other offence. (Ministry of Public Safety and Solicitor General)
- Women and children fleeing violent relationships require immediate access to safety, shelter, food, legal representation and social service referrals.

LOW-INCOME SENIORS AND FAMILIES

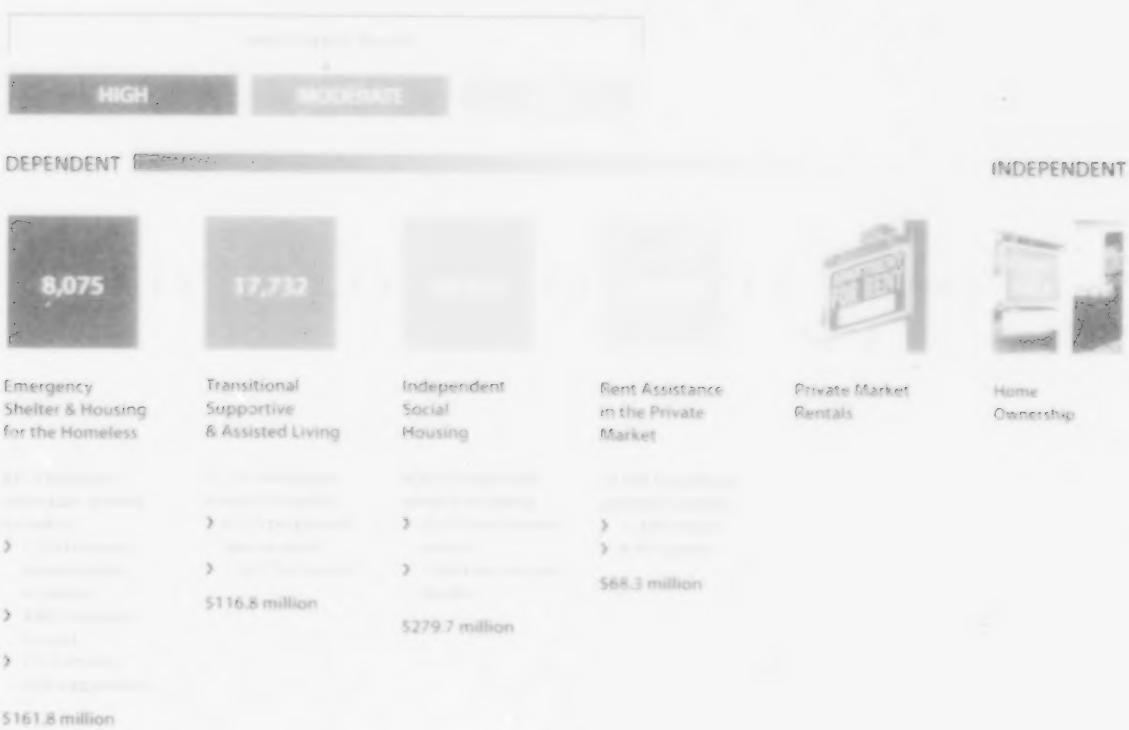
- Approximately 64,900 households in British Columbia are unable to find housing that is suitable in one or more areas of repair without spending 50 per cent or more of their income on rent. (Statistics Canada)
- Adding to this challenge is the extremely low vacancy rate in many areas.

What We Do

BC Housing's Role in the Housing Continuum

BC Housing's role is to assist British Columbians in gaining access to affordable and appropriate housing by providing options along the housing continuum. The housing continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and home ownership, including private sector rental assistance programs. The diagram below illustrates this continuum, indicating the portion that is dependent (assisted) with differing levels of support services.

The Housing Continuum



Chronically homeless individuals often face an initial period of homelessness oradicating issues, typically requiring supportive housing options that will successfully move them from the streets or emergency shelter to stable housing. This moves a chronically homeless individual into independent social housing, in the private rental market or their own home. This depicts a continuum along the continuum that offers a wide range of supports to qualified low-income clients. Other clients groups, such as Aboriginal people, women and children, fleeing violence and individuals with special needs, may require a range of options at different points along the housing continuum.

How We Serve British Columbians

Every aspect of BC Housing's business is centered on our clients. To best serve those in greatest need for housing and support services, we have created relationships with key partners to work together to provide housing options. Below are descriptions of how we do business in partnership.

POLICY PARTNERS

Our policy partners, within the Ministry of Housing and Social Development, are responsible for provincial housing policy. By working collaboratively, government is able to ensure that there is alignment between policy, programs and services.

DELIVERY PARTNERS

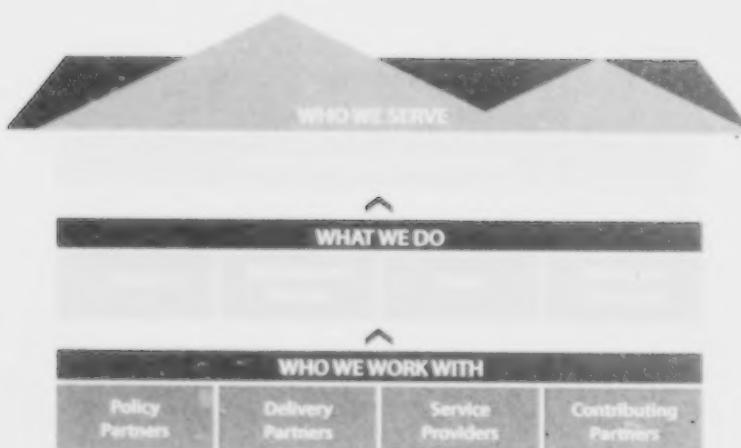
Housing assistance is provided through a number of mechanisms including public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. BC Housing provides financial, administrative and technical support to its delivery partners, in addition to administering long-term operating agreements and the provision of housing subsidies. BC Housing's role is one of stewardship and accountability.

SERVICE PARTNERS

BC Housing engages in innovative service partnerships that integrate housing and support services to meet client needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities and service providers.

CONTRIBUTING PARTNERS

The investment required to create new housing necessitates a partnership model. No one level of government can do it alone. A public-private partnership model for the development of new housing combines funds from all levels of government and leverages private, non-profit and charitable sources. Municipal governments can contribute through expediting approval processes, offering reduced property taxes, and making land available for new housing. Once built, funding for the ongoing delivery of government-subsidized housing comes from a number of different partners including BC Housing, other provincial ministries and the federal government.



Key Relationships

This diagram illustrates BC Housing's relationships with our key partners and how we work together to provide housing options.

Organizational Structure

Corporate Governance

BOARD OF COMMISSIONERS

BC Housing is responsible to the Minister of Housing and Social Development through a Board of Commissioners. The government appoints the Board to oversee policy-making for the organization and, in cooperation with senior management, to set the strategic direction. The Board also monitors performance based on the Province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the Chief Executive Officer.

The Board incorporates best practices into its governance procedures as guided by the *Best Practice Guidelines on Governance and Disclosure for Public Sector Organizations*. As requested in the guidelines, BC Housing's disclosure is available on the company's website at www.bchousing.org.

STANDING COMMITTEES OF THE BOARD OF COMMISSIONERS

The following three standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities.

Audit and Risk Management Committee

Ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

Corporate Governance Committee

Ensures that BC Housing develops and implements an effective approach to corporate governance. This enables the business affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

Human Resources Committee

Provides a focus on senior management human resource and compensation issues.

STANDARDS OF CONDUCT

The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- Act honestly, in good faith and in the best interests of BC Housing;
- Exercise care, skill and diligence in decision making; and
- Follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

Shareholder's Letter of Expectations

A key component of the governance framework is the Shareholder's Letter of Expectations. The letter describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The Shareholder's Letter of Expectations ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations. It is reviewed annually, updated as required and signed by the Chair of the Board of Commissioners and by the Minister of Housing and Social Development.

As set out in the Shareholder's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy *Housing Matters BC*. A copy of this Letter can be viewed at www.bchousing.org (see "About BC Housing"), and an excerpt is shown below. The performance expectations set out in the Letter are integrated within and disclosed through BC Housing's service planning and corporate planning frameworks.



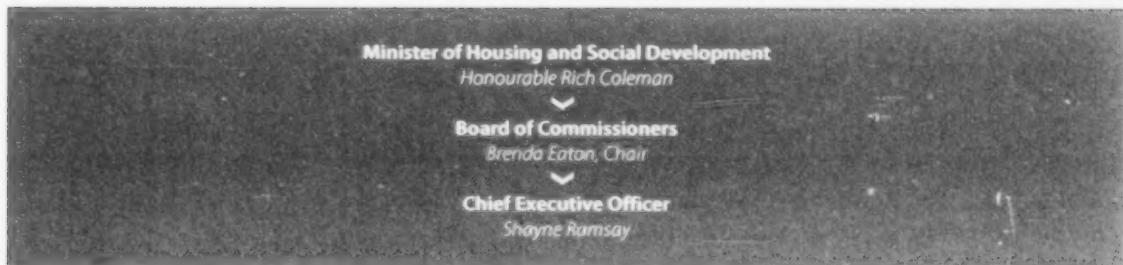
SHAREHOLDER'S LETTER OF EXPECTATIONS (EXCERPT)

...within the 2008/09 budget confirmed for the Corporation, and the 2009/10 and 2010/11 budget targets and Ministry transfers as set out in the Corporation's 2008/09 to 2010/11 Service Plan, ensure effective planning for, and management and delivery of, housing programs and services by:

- working in partnership with provincial health authorities, the non-profit and private sectors, local governments and others and deliver the *Independent Living BC* program;
- working with other provincial ministries and health authorities to establish long-term housing and support services to respond to the needs of homeless/at risk individuals through the *Provincial Homelessness Initiative*;
- integrating the federal social housing portfolio with the provincial social housing portfolio;
- supporting Aboriginal capacity building in the area of housing and transferring administration of additional housing units to the Aboriginal Housing Management Association;
- initiating comprehensive re-development plans for appropriate subsidized housing sites to further the objectives of the provincial housing strategy;
- improving access to, and maximizing the use of, government-owned public housing for those with complex housing and health needs through initiatives such as the Supportive Seniors Housing Program;
- incorporating environmentally responsible construction and management techniques into developments whenever possible;
- providing support for new ideas and innovative housing solutions that address housing needs not adequately served through existing housing programs through the *Housing Endowment Fund*;
- finding innovative ways to deliver on its mandate and providing support for innovative projects initiated by others;
- increasing the number of year-round emergency shelter beds;
- connecting homeless people to income assistance, housing and community-based health services through the *Homeless Outreach Program*;
- providing a continuum of housing and support for women and their dependent children fleeing violence including transition houses, safe homes, second stage housing, counselling and outreach services, and strengthening linkages with service providers;
- assisting seniors and low-income working families who rent housing in the private market with rent subsidies through the *Shelter Aid for Elderly Renters* and *Rental Assistance Programs*; and
- ensuring that existing and new funding to agencies providing housing and services is based on accountability for measurable, individual outcomes, which are built into service contracts.

Organizational Chart

The following chart highlights BC Housing's key service areas and the responsibilities and accountabilities in each area. There are 558 full-time-equivalent staff employed across the Commission.



OPERATIONAL BRANCHES			SUPPORT BRANCHES		
Operations	Development Services	Asset Strategies	Corporate Services	Human Resources	Corporate Communications
Vice President: Margaret McNeil <ul style="list-style-type: none">➤ Provides access to subsidized housing➤ Maintains the quality of existing social housing➤ Oversees the management of public housing and group homes➤ Administers operating agreements of shelter providers, outreach program providers, non-profit housing societies and co-operatives	Vice President: Craig Crawford <ul style="list-style-type: none">➤ Facilitates the development of housing options through the following programs:<ul style="list-style-type: none">– Independent Living BC– Provincial Homelessness Initiative– Community Partnership Initiative– Aboriginal Housing Initiative– Housing Endowment Fund– Seniors' Supportive Housing	Vice President: Michael Blaschuk <ul style="list-style-type: none">➤ Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment, and sustainability of social housing assets➤ Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing	Vice President and Chief Financial Officer: Dan Maxwell <ul style="list-style-type: none">➤ Provides operational services including finance, information systems, research and planning, legal and program analysis➤ Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation	Executive Director: Agnes Ross <ul style="list-style-type: none">➤ Recruits and trains staff➤ Facilitates labour relations negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism➤ Oversees occupational health and safety	Executive Director: Susan Thom <ul style="list-style-type: none">➤ Provides a broad range of internal and external communication services including communication strategies, media relations, issue management, following events, announcements, government and stakeholder relations, website management and publications

RELATIONSHIP TO THE PROVINCIAL RENTAL HOUSING CORPORATION

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1973 under the *Business Corporations Act* and exists solely as BC Housing's land-holding company. It holds provincially-owned social housing properties, and leases residential properties to non-profit societies and co-operatives. As of March 31, 2009, PRHC held properties with an original cost of \$740 million.

The Minister of Housing and Social Development is the sole shareholder of PRHC. Because of its relationship with BC Housing, PRHC is administered by BC Housing. To ensure the appropriate governance links between the two entities, senior management of BC Housing serve as PRHC's Directors. PRHC does not employ any staff.

Operating Context

Our success in meeting our goals, objectives, strategies and measures is influenced by many external factors. The following is a summary of our operating context over the past year. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Turbulence in the Economy	Higher incidence of housing need and greater demand on programs during a time of fiscal restraint	<ul style="list-style-type: none">▪ Continue to leverage resources through partnerships▪ Deliver service cost effectively▪ Identify new business opportunities along the housing continuum
Pressures in the Rental Housing Market	Very little purpose-built rental housing is being constructed, and rents are unaffordable for many people	<ul style="list-style-type: none">▪ Preserve and protect existing affordable rental housing, including single room occupancy hotels, through strategic acquisitions▪ Leverage federal infrastructure funding for new rental housing
Homelessness	The challenge is to break the cycle of homelessness such that individuals, with outreach and supports, can successfully move from the street and shelter system into stable housing with supports	<ul style="list-style-type: none">▪ Enhance homeless outreach and emergency shelter "gateway" services▪ Establish partnerships with local governments and housing providers for new supportive housing▪ Better integration of programs and services▪ Monitor and report outcomes
Not-in-My-Back-Yard (NIMBY)	Community opposition can emerge when developing new housing as a result of fear and uncertainty	<p>Work with housing partners to:</p> <ul style="list-style-type: none">▪ Ensure that surrounding communities learn more about the development▪ Enable general public and local governments to deal with opposition and move towards acceptance of housing projects
Strong Demand for Affordable Housing	The demand for affordable housing exceeds the supply of resources as indicated by the more than 9,000 applicants currently listed in The Housing Registry	<ul style="list-style-type: none">▪ Priority given to those in greatest need▪ Improve housing application and selection processes▪ Improve ability to match applicants with suitable housing▪ Pilot new models of support services in public housing buildings

Operating Context (continued)

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Aging Social Housing Portfolio	Many of the buildings that make up the social housing portfolio are aging and their mortgages are beginning to expire and some developments are located on large parcels of land in central locations that could potentially accommodate more housing.	<ul style="list-style-type: none"> • Create a portfolio management framework that incorporates best practices on governance, portfolio planning, information management systems, investment analysis and stakeholder engagement.
Labour Supply, Aging Demographics and Internal Capacity	Like many other organizations, BC Housing is experiencing a shrinking labour pool from which to draw new employees, and many employees are retiring or are becoming eligible to retire.	<ul style="list-style-type: none"> • Implement our <i>People Strategy</i> to attract and maintain an engaged workforce for the benefit of all clients and stakeholders.
Enhanced Federal-Provincial Relationship	Participation by the federal government is needed to respond more effectively to growing demand for affordable housing.	<ul style="list-style-type: none"> • Leverage federal government infrastructure program funding to create new social housing for seniors and persons with disabilities, and to renovate existing social housing.
Aboriginal Capacity Building	The number of Aboriginal people living off-reserve who are homeless or in core housing need is higher than the incidence of need in the larger population.	<ul style="list-style-type: none"> • Work with the Aboriginal Housing Management Association (AHMA) to ensure the successful transition and management of the off-reserve federal Aboriginal housing portfolio.
Environmental Sustainability	Since much of the existing housing stock was constructed over the past two to three decades, there are challenges associated with reducing greenhouse gas emissions in these buildings.	<ul style="list-style-type: none"> • Implement our <i>livgreen: A Housing Sustainability Action Plan</i> that is focused on sustainability improvements in new and existing social housing.
Public-Private Partnerships (P3)	Public-private partnerships can respond to local housing challenges and create additional housing units without the need for ongoing operating subsidies.	<ul style="list-style-type: none"> • Enter into innovative partnership initiatives with municipalities, housing and service providers, the private sector and other housing partners to move projects forward faster.
Effective Management Strategies	BC Housing and housing providers share a common interest in establishing effective program management strategies that strive for innovation and harmonization.	<ul style="list-style-type: none"> • Work with housing providers to identify strategies to streamline and improve program administration, reduce costs and promote sector sustainability. • Create incentives for housing providers to explore new ways of generating revenues or controlling costs, to help take some of the pressure off budgets.
Sector Sustainability	BC's social housing stock is supported by a large number of housing providers, many of whom are responsible for single housing developments.	<ul style="list-style-type: none"> • Work with the BC Non-Profit Housing Association and Co-operative Housing Federation of BC to promote greater resource and information sharing, research and best practices.

Report on Performance

This section sets out BC Housing's Report on Performance for 2008/09 based on targets established in the 2008/09 Service Plan. Targets for 2009/10 to 2011/12 contained in the 2009/10 Service Plan are also shown for convenience.

Our Performance Measurement Framework (PMF) is aligned with government's housing strategies as set out in *Housing Matters BC*. We are focused on ensuring linkages between our policy environment and business direction, and work to continually strengthen our reporting and measurement framework. An overview chart of our PMF is shown on pages 18-19. Further information on our PMF and performance measure targets can be found in the appendices:

Appendix A: Changes in Reporting.

Appendix B: Disclosure of Key Reporting Judgments

Both appendices can be found on our website at www.bchousing.org

BC Housing Performance Overview – 2008/09

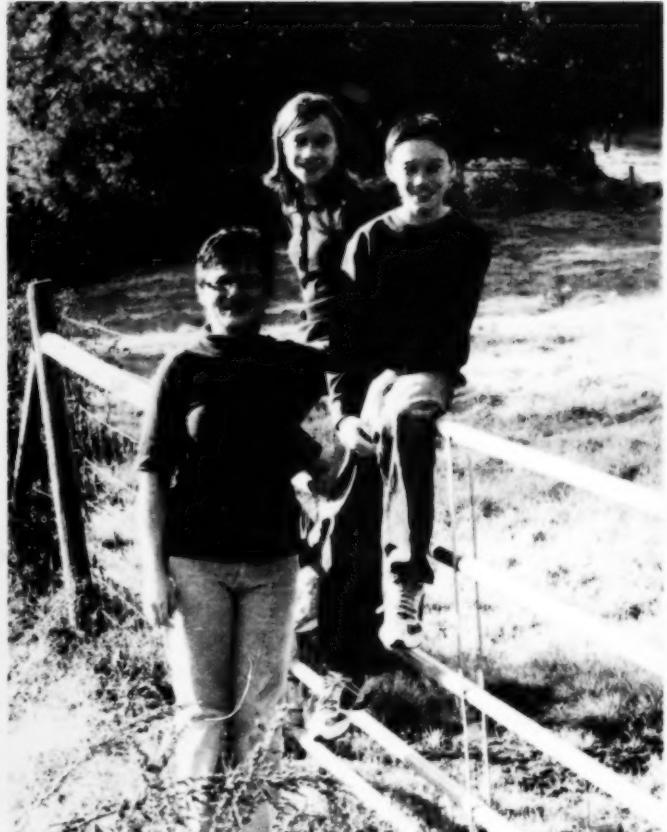
GOALS	OBJECTIVES	MEASURES	06/07 RESULTS
Goal 1: Respond to gaps in the housing continuum	Increasing housing options	Number of new units/beds created in priority areas	2,472
	Adapt existing stock to target resources to vulnerable households	Number of new households assisted through rent assistance programs	4,394
	Maintain the quality of existing assets	Number of existing units adapted to higher priority needs	500
		Percentage of clients reporting satisfaction with the quality and safety of their housing	77%
	Adequate provisions for future requirements	Percentage of social housing providers meeting financial and operational standards	92%
		Ratio of replacement reserve contributions to actual expenditures	1.52:1
Goal 2: Protect and manage existing housing for the long term		Percentage of new applicants reporting satisfaction with the process	90%
Ease of access to housing	Percentage of nights where shelters are at full occupancy	42%	
	Percentage of homeless individuals accessing housing who remain housed six months after placement	New Measure 2008/09	
	Percentage of clients belonging to priority groups in subsidized housing	85%	
Financial and operating success	Controllable administration costs as percentage of program delivery costs	7.5%	
	Per-square-foot construction costs	Within 2.72% of private sector benchmark	
	Percentage reduction in Greenhouse Gas Emissions (NEW)	New Measure 2008/09	
Goal 4: Organizational excellence	High level of employee engagement	Employee engagement index	Top quartile
	Environmental Leadership in the Housing Sector		

07/08 RESULTS	08/09 TARGET	2008/09 RESULTS		09/10 TARGET	10/11 TARGET	11/12 TARGET
2,437	1,405	1,794	Target Exceeded	663	348*	70*
7,847	3,000	9,007	Target Exceeded	4,700	4,100	1,700
674	700	1,212	Target Exceeded	850	950	1,050
78%	78%	77%	Target Not Achieved	78%	78%	78%
93%	90%	93%	Target Achieved	90%	90%	90%
1,401	1,391	1,151	Target Not Achieved	1,121	1,101	1,101
90%	75%	87%	Target Achieved	90%	90%	90%
42%	50% or less	40%	Target Achieved	50% or less	50% or less	50% or less
New Measure 2008/09	60%	87%	Target Achieved	60%	61%	62%
79%	84%	82%	Target Not Achieved	82%	83%	84%
7.5%	10% or less	8.2%	Target Achieved	10% or less	10% or less	10% or less
Within 4.73% of private sector benchmark	Within +5%	3.95%	Target Achieved	Within +5%	Within +5%	Within +5%
New Measure 2008/09	5% from 2005/06 levels	6%	Target Achieved	10% from 2005/06 levels	15% from 2005/06 levels	20% from 2005/06 levels
Top quartile	Top quartile	Top quartile	Target Achieved	Top quartile	Top quartile	Top quartile

* Future targets for 2010/11 and 2011/12 do not reflect new supportive housing units for the homeless under Memorandum of Understanding (MOU) agreements negotiated with local governments nor units (up to 1,000) to be created under the Seniors Rental Housing initiative. The targets will be updated to reflect these initiatives in the 2009/10 Service Plan Update.

Goal 1 Respond to Gaps in the Housing Continuum

One of our key goals is to respond to gaps in the housing continuum and expand the range of housing choices for British Columbians in greatest need. We do this by creating new subsidized housing units through our housing supply programs, providing direct cash assistance to low-income seniors and families renting in the private market, and adapting existing social housing to target those in greatest need. Each of these strategies is reliant on establishing successful partnerships with non-profit housing providers, government partners and community organizations.



Objective: Increasing Housing Options

MEASURE: NUMBER OF NEW UNITS CREATED IN PRIORITY AREAS

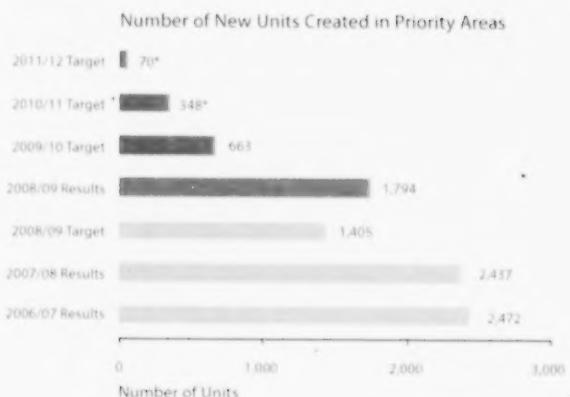
About the Measure

This measure looks at BC Housing's performance with respect to creating new subsidized housing units for priority groups such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are dealing with mental illness, addictions and other health challenges.

Target levels are based on the number of new subsidized units (or short-stay emergency shelter beds in some cases) that can be created under existing funding programs. *Note: Future targets for 2010/11 to 2011/12 do not reflect new supportive housing units for the homeless under Memorandum of Understanding (MOU) agreements negotiated with local government nor units (up to 1,000) to be created under the *Seniors Rental Housing Initiative*. The targets will be updated to reflect these initiatives in the 2009/10 Service Plan Update.

Performance Results

In 2008/09, 1,794 new units were created, exceeding the target of 1,405. This includes 177 units and 465 rent supplements under *LBC*, 646 units under *PHI*, 117 under *CPI*, 20 under *AHI*, and 44 units created under the *Provincial Housing Program*. There were also 10 shelter beds created, 56 group homes, 128 units under the *Housing Endowment Fund*, and a further 131 units of affordable housing acquired including single room occupancy hotels. All of these units were added in 37 communities across the province.



Goal 1 Respond to Gaps in the Housing Continuum (continued)

Objective: Increasing Housing Options (continued)

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

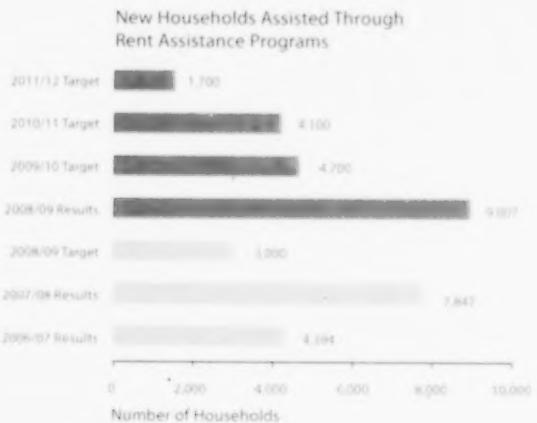
About the Measure

This measure looks at the success of BC Housing's rent assistance programs, S4FER and the *Rental Assistance Program*, in improving access by low-income households to affordable rental housing. These programs provide cash assistance to eligible seniors and working families, helping them bridge the gap between what they can afford to pay and actual market rents.

Target levels reflect estimated program take-up based on past trends as well as the projected level of future demand among the client groups. Targets level off over the next two year period as it was anticipated that most eligible RAP families would have been registered in earlier years. With the economic downturn, however, program uptake may increase beyond established targets.

Performance Results

As of March 31, 2009 there were a total of 9,007 new households receiving cash assistance for their rent, including 5,599 low-income families and 3,408 senior households. The target of 3,000 for 2008/09 was set prior to significant enhancements made to the *Rental Assistance Program* in April 2008 to make more families eligible for financial assistance. These program enhancements contributed to a greater uptake of recipients than originally forecasted.



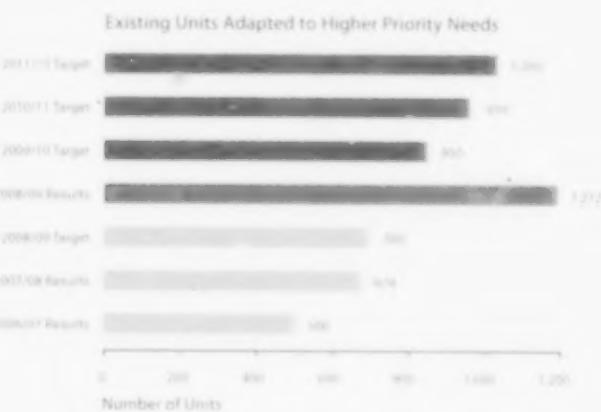
Objective: Adapt Existing Housing Stock to Target Resources to Those Most in Need

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

About the Measure

This measure looks at BC Housing's performance in ensuring that those most in need receive priority for housing assistance through the conversion, adaptation or re-targeting of existing social housing units.

The target represents the overall anticipated number of units to be adapted for higher priority need clients in a range of program areas, taking into account anticipated funding partnership opportunities (e.g., other ministries), and planned unit conversions (e.g., improving accessibility and safety systems for seniors units).



Performance Results

We exceeded the target by adapting 1,212 existing housing units for priority groups compared to the target of 1,000 for 2008/09. There were 633 individuals with a mental illness or alcohol and drug addiction assisted through the Health Services Program. Eighty-eight (88) women and children fleeing abuse were assisted through BC Housing's Priority Placement Program. There were 491 units completed under the Senior Supportive Housing Program. The Supportive Housing Registry became operational on November 2008 connecting homeless individuals with appropriate housing and services, which contributed to exceeding the target.

Future Directions

Creating new units in partnership with provincial ministries, housing providers and local governments will continue to be a priority as we move forward with new initiatives to build rental housing for seniors and persons with disabilities, and supportive housing for the homeless. We are also continuing to adapt existing housing to meet changing needs, and establishing community partnerships to increase access to social housing and support for people who are in greatest need.

Goal 2 Protect and Manage Existing Housing for the Long-term

The existing portfolio of social housing represents homes for approximately 86,400 households in more than 1,000 communities across the province. This housing contributes to the quality of life for residents and to the social fabric of communities. We work in partnership with housing providers to ensure that the housing is well managed and maintained, and that adequate provision is made for future requirements as the buildings age.

Our performance in meeting this goal is measured from a variety of perspectives, including tenant satisfaction with their housing, measures of social housing provider monitoring financial and operational standards, and the level of funding set aside for capital improvements to the housing stock.



Objective: Maintain the Quality of the Existing Assets

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

About the Measure

Feedback from tenants living in public housing is obtained through an annual satisfaction survey. Year-over-year results are analyzed across developments and client groups, thereby helping to provide important insight that is used to strengthen and improve the services we provide.

Performance Results

Over three quarters (77 per cent) of tenants living in housing managed by BC Housing reported that they were very satisfied or satisfied with their overall housing situation in 2008/09, just under the target of 78 per cent. The results are based on the responses received to the question, "How satisfied are you with your overall housing situation?" which is included as part of the annual survey. Approximately, 3,100 individuals responded to the survey in 2008/09, representing an overall response rate of 42 per cent.



Goal 2 Protect and Manage Existing Housing for the Long-term (continued)

Objective: Maintain the Quality of the Existing Assets (continued)

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

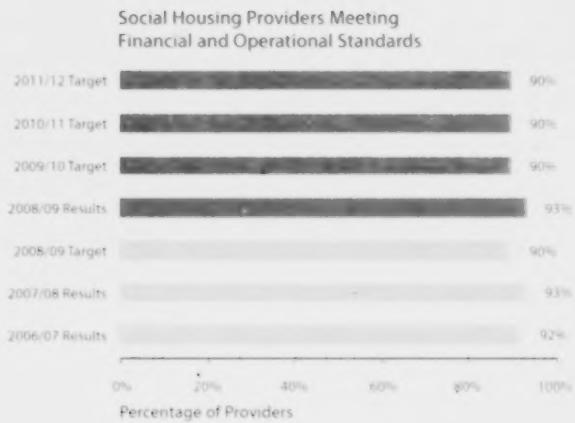
About the Measure

This measure is about ensuring social housing is well-managed, well-maintained, and protected for the long-term through financial and operational reviews. The operational review process is based upon site and building audits designed to assess housing provider performance in the following key areas: maintenance and building inspections; financial management; resident management; information and records management; and human resource management. A score is assigned based on the assessment and appropriate follow-up actions taken.

The target of 90 per cent provides the assurance that the existing stock is well-managed and well-maintained and that problems are being addressed.

Performance Results

We achieved the target of 90 per cent in 2008/09 with 93 per cent of housing providers meeting an acceptable standard of financial or operating standards. Where standards are not being met, a management team is put in place to assist the individual housing providers.



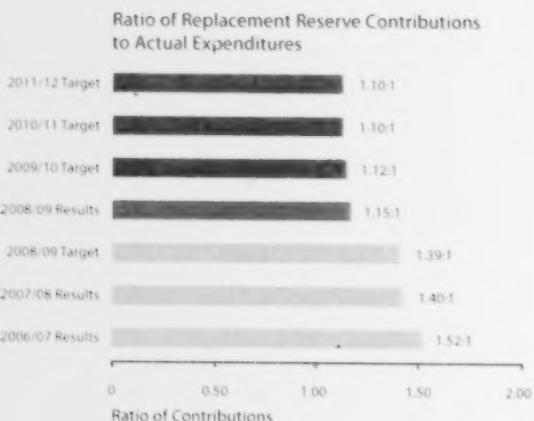
Objective: Adequate Provisions for Future Requirements

MEASURE: RATIO OF REPLACEMENT RESERVE CONTRIBUTIONS TO ACTUAL EXPENDITURES

About the Measure

A replacement reserve is money set aside to refurbish or replace building components (such as roofs and appliances) that wear out over the life of a building. While the ultimate test is whether sufficient funds are available when the refurbishment is needed, an important interim test is whether sufficient money is set aside to cover a building's expected expenses over its lifetime.

The reserve contribution/expenditure ratio changes with the age of buildings. The annual contribution stays the same, based on a life costing model, but the older the building, the more expenditure is required to maintain it. Hence, in the early life of a building, the ratio is high because contributions exceed expenditures. Similarly, as the building ages, the ratio falls as surplus funds are drawn down to meet the higher costs of an older building. The targeted ratio of 1.12:1 for 2009/10 means that for every \$1.12 contributed to the Replacement Reserve, \$1.00 will be spent on maintenance.



Performance Results

The ratio of contributions is 1.15:1, lower than the target of 1.39:1 for 2008/09. A ratio of 1.15:1 is however, considered to be appropriate for the age and quality of the non-profit portfolio. The replacement reserve ratio is a way of monitoring that there is enough money set aside to undertake building repairs, and it is limited in its ability to assist BC Housing with portfolio planning and strategic decision making. For the next service planning period BC Housing is exploring the use of the Facility Condition Index as a more suitable measure to assist with strategic asset management.

Future Directions

Community development and building improvement strategies are being put in place in our public housing buildings to ensure that tenant satisfaction with their housing remains high, particularly in view of the greater levels of support needs among tenants.

We have also created a new Asset Strategies Branch that will provide a stronger focus and greater capacity to plan for the maintenance, capital improvement, redevelopment and environmental sustainability of the public housing stock. It is anticipated that this focus will extend to the sector as we identify partnership opportunities to share capital asset management best practices with housing providers.

Goal 3 Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

This goal focuses on working to ensure that low-income individuals and families in greatest need have access to the housing and support services they require. Many face significant barriers in accessing housing in the private market as result of low income in combination with a disability, health issue, mental illness, addiction or other serious circumstance such as domestic violence.

Access to subsidized housing, from emergency shelters and transition houses to long-term supported housing, plays a critical role in providing stability and needed services. Given the urgency of need, it is important to ensure these limited housing resources are used as effectively as possible.



Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

About the Measure

This measure looks at our performance from an applicant satisfaction perspective by assessing the degree to which applicants are receiving the information they need when applying for housing assistance. It is an important customer feedback mechanism designed to strengthen and improve our business processes.

The 2008/09 target is based on historic levels of satisfaction, while future targets levels have been increased to reflect the need for BC Housing to achieve higher levels of satisfaction among applicants.

Performance Results

This measure reports on the percentage of applicants indicating they are either very satisfied or satisfied with the application process, including the information they received and the assistance provided through BC Housing. In 2008/09, 87 per cent of applicants were satisfied with the process, exceeding the target. We are investigating improvements to our approach to ensure that our measurement accurately reflects applicant satisfaction with the application process.



Goal 3 Provide Access to Appropriate Housing and Services for Vulnerable British Columbians (continued)

Objective: Ease of Access to Housing (continued)

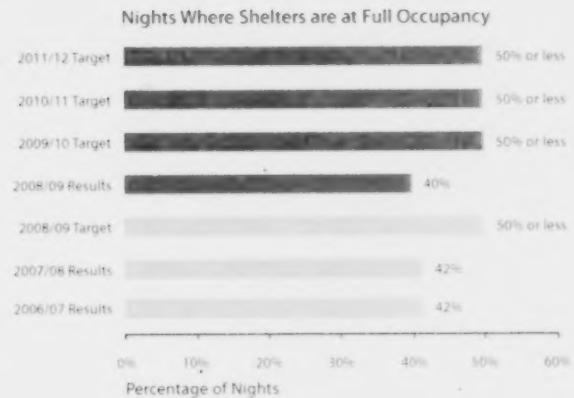
MEASURE: PERCENTAGE OF NIGHTS WHERE SHELTERS ARE AT FULL OCCUPANCY

About the Measure

This measure looks at occupancy levels of emergency shelters which can influence access to services by the homeless. The target reflects the need to achieve a balance between ensuring that shelter space is well used yet minimizing instances where they are at full capacity and not able to provide service to additional clients.

Performance Results

The number of nights where shelters were at full capacity was 40 per cent in 2008/09, meeting the target of 50 per cent or less. This result indicates that overall emergency shelter space is well used (i.e. high occupancy rate over the year) with minimal instances where they are at full capacity and must turn people away.



MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

About the Measure

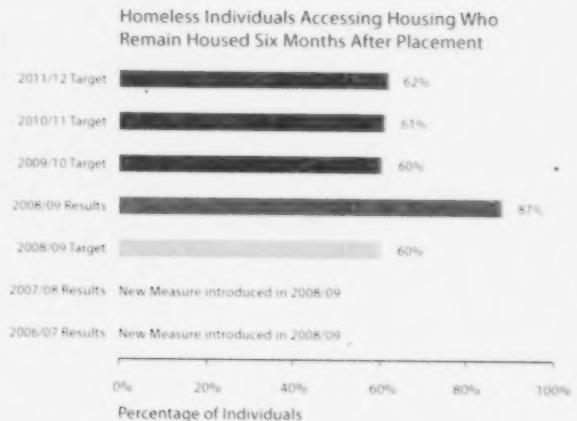
Measuring the percentage of individuals accessing housing and remaining housed six months after placement will enable BC Housing to assess how well the goal of improving access to housing and support services for homeless people is being met. The measure takes into account the number of homeless people that become housed in more stable environments with appropriate supports in place, aimed at preventing them from returning to the street.

The targets are based on research in other jurisdictions, and will be refined once full-year baseline data is obtained. An initial target of 60 per cent was set for 2008/09 based on this research and reflects the shift occurring within the sector to provide more individualized services and follow-up.

Performance Results

The target of 60 per cent or more remaining housed was achieved during the first half of 2008/09. Results are partial-year given the measure's six month reporting time period and the commencement of data collection by service providers as of April 1, 2008. Eighty-seven per cent of the individuals housed through the *Homeless Outreach* and *Emergency Shelter* programs between the six month period of April 1 to September 30, 2008 remained housed after six months.

Full-year data for this measure will be available in 2009/10.



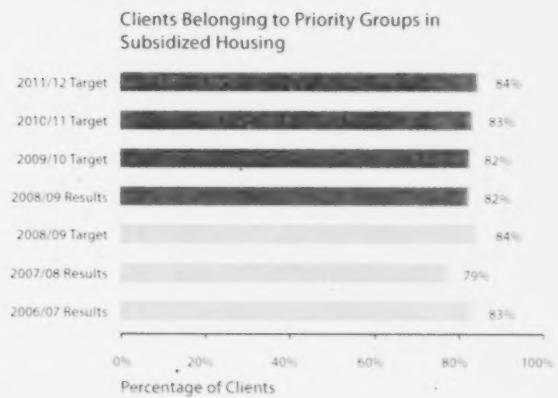
Goal 3 Provide Access to Appropriate Housing and Services for Vulnerable British Columbians (continued)

Objective: Available Housing Targeted to those Most in Need

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

About the Measure

This measure allows us to track our performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of this measure, low-income or frail seniors, persons with physical or mental disabilities, those with mental illness, women and children fleeing domestic violence, those facing alcohol and drug addiction challenges, Aboriginal families and individuals, and those who are homeless or at risk of homelessness are considered to be among those in greatest housing need. These individuals or households receive assistance through a range of housing options including public and non-profit housing, group homes and emergency shelters.



The target is based on analysis of priority group clients in existing subsidized housing as well as forecasted number of new and acquired housing units, all of which are targeted to priority groups, coming on stream during the fiscal year.

Performance Results

As of March 31, 2009, 82 per cent of all households receiving housing assistance were within one of the identified priority groups. The number of new subsidized units for priority groups continued to increase, by 1,794 units in 2008/09 as a result of new units delivered through ILBC, PHI, AHL, affordable housing acquisitions and other programs.

At the same time as the number of new units targeted to clients in priority groups is increasing, units are also being removed from the social housing portfolio due to the expiry of operating agreements with housing providers. Over 800 units were lost to the expiry of agreements in 2008/09.

Future Directions

Ensuring that those in greatest need have access to housing and support services continues to be a priority. We will continue to build on the success to date in breaking the cycle of homelessness through programs and initiatives that rely on partnerships with housing providers and community organizations to deliver outreach, shelter and supportive housing. With our government and community partners we will also focus on better integrating programs and services that play a critical role in moving people from the street to stable housing, and monitoring and reporting on outcomes. Initiatives have also been put into place that will enable BC Housing to help ensure priority access to public housing for applicants and tenants with special housing needs.

Goal 4 Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing's success in building and maintaining a sustainable social housing system. The measures for this goal are about ensuring that we deliver the best possible services in a cost-effective and competent manner. We continue to identify organizational and operational efficiencies, and ensure that appropriate structures and processes are in place to control costs and manage risks. The goal of organizational excellence also includes BC Housing's role in providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions and ensuring social housing buildings contribute to sustainable community development. Our People Strategy builds on the skills, energy, talent and passion of the staff who work at BC Housing.



Goal 4 Organizational Excellence (continued)

Objective: Financial and Operating Success

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

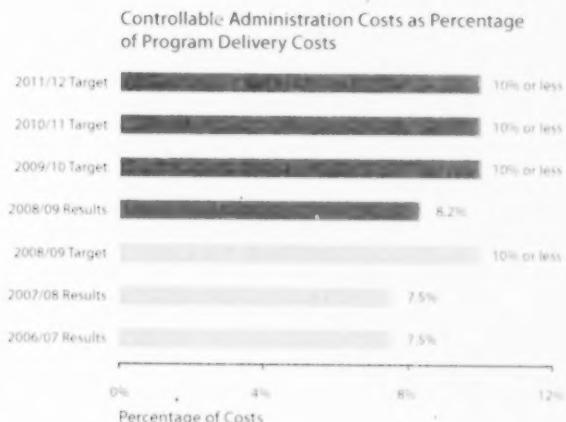
About the Measure

This is a standard financial measure that assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs.

A target of 10 per cent was set to ensure that BC Housing maintains a high level of performance in controlling administration costs.

Performance Results

The results for 2008/09 indicate BC Housing continues to achieve a high level of performance with 8.2 per cent of administration costs as a per cent of program delivery costs. The results are benchmarked against the performance of housing providers in other jurisdictions. A benchmarking study completed in 2006/07 showed that BC Housing had one of the lowest cost profiles across all organizations involved in the study at 7.5 per cent.



MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

About the Measure

This measure benchmarks the per-square-foot construction cost of new housing developments with comparable developments in the private sector. This is an important measure of the cost effectiveness of our development practices within the broader residential construction industry. This is an important measure as there is a significant level of volatility in the current housing construction industry.

Performance Results

The results for 2008/09 compared a sample of seven non-profit developments with ten private market developments, as well as industry data. The data showed that BC Housing's per square foot costs, which averaged \$195.16 per-square-foot, were within 3.95 per cent of the costs reflected in industry data. This result shows that BC Housing is achieving costs that are comparable with the market and demonstrate value-for-money.



Objective: Environmental Leadership in the Housing Sector

MEASURE: PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS

About the Measure

This measure provides a means of establishing BC Housing's progress towards meeting the government's greenhouse gas (GHG) emission reductions. Setting targets of five per cent reduction per year (based on 2005 levels) will ensure that BC Housing is making steady progress in GHG emission reductions and achieves carbon neutral status as soon as practical.

This measure considers GHG emissions from activities in offices and public housing buildings managed by BC Housing. Measures are based on:

- Tonnes of GHG emissions per tenant (public housing buildings)
- Tonnes of GHG emissions per employee (BC Housing offices)
- Tonnes of GHG emissions per square foot of floor area (public housing buildings and BC Housing offices)

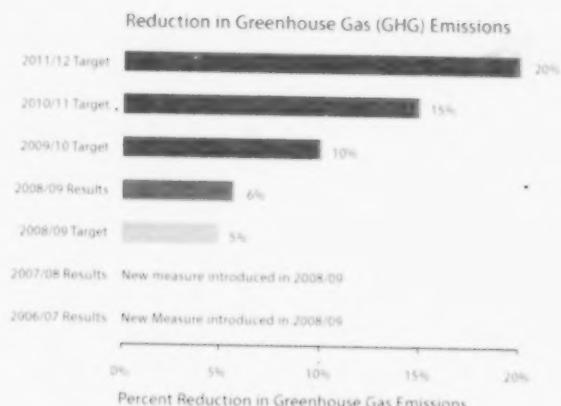
GHG emissions are calculated based on energy consumption data. Any shortfall in reaching carbon neutrality will have to be made up by purchasing carbon credits.

Performance Results

Total GHG emissions from activities in offices and public housing buildings managed by BC Housing were reduced by six per cent in 2008 compared to 2005, higher than the target of five per cent. In order to measure GHG performance improvements independently from changes in the building stock, the following measures are also used:

- Tonnes of GHG emissions per tenant (public housing buildings) = six per cent reduction
- Tonnes of GHG emissions per employee (BC Housing offices) = five per cent reduction
- Tonnes of GHG emissions per square foot of floor area = six per cent reduction

Emission reductions were achieved through energy efficiency retrofits to public housing buildings, such as new boilers, windows, lighting, and insulation. For office buildings, emission reductions were achieved through energy efficiency initiatives undertaken by employees and construction of a LEED Gold office.



Goal 4 Organizational Excellence (continued)

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

About the Measure

Employees play a critical role in the organizational performance of BC Housing. Employee engagement is a productivity indicator, based on employee satisfaction and motivation. A focus on employee engagement fosters an environment of greater creativity, innovation, organizational excellence and customer service. A significant contributor to an engaged workforce is access to leadership, and growth opportunities, which serve to meet business objectives as well as the personal aspirations of employees.

Employee Engagement Index

2011/12 Target:	Top quartile of benchmark employers
2010/11 Target:	Top quartile of benchmark employers
2009/10 Target:	Top quartile of benchmark employers
2008/09 Results:	Top quartile of benchmark employers
2008/09 Target:	Top quartile of benchmark employers
2007/08 Results:	Top quartile of benchmark employers
2006/07 Results:	Top quartile of benchmark employers

The measure is based on an annual survey that gathers feedback from staff on different aspects of their work environment. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers through the use of standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by its *People Strategy*.

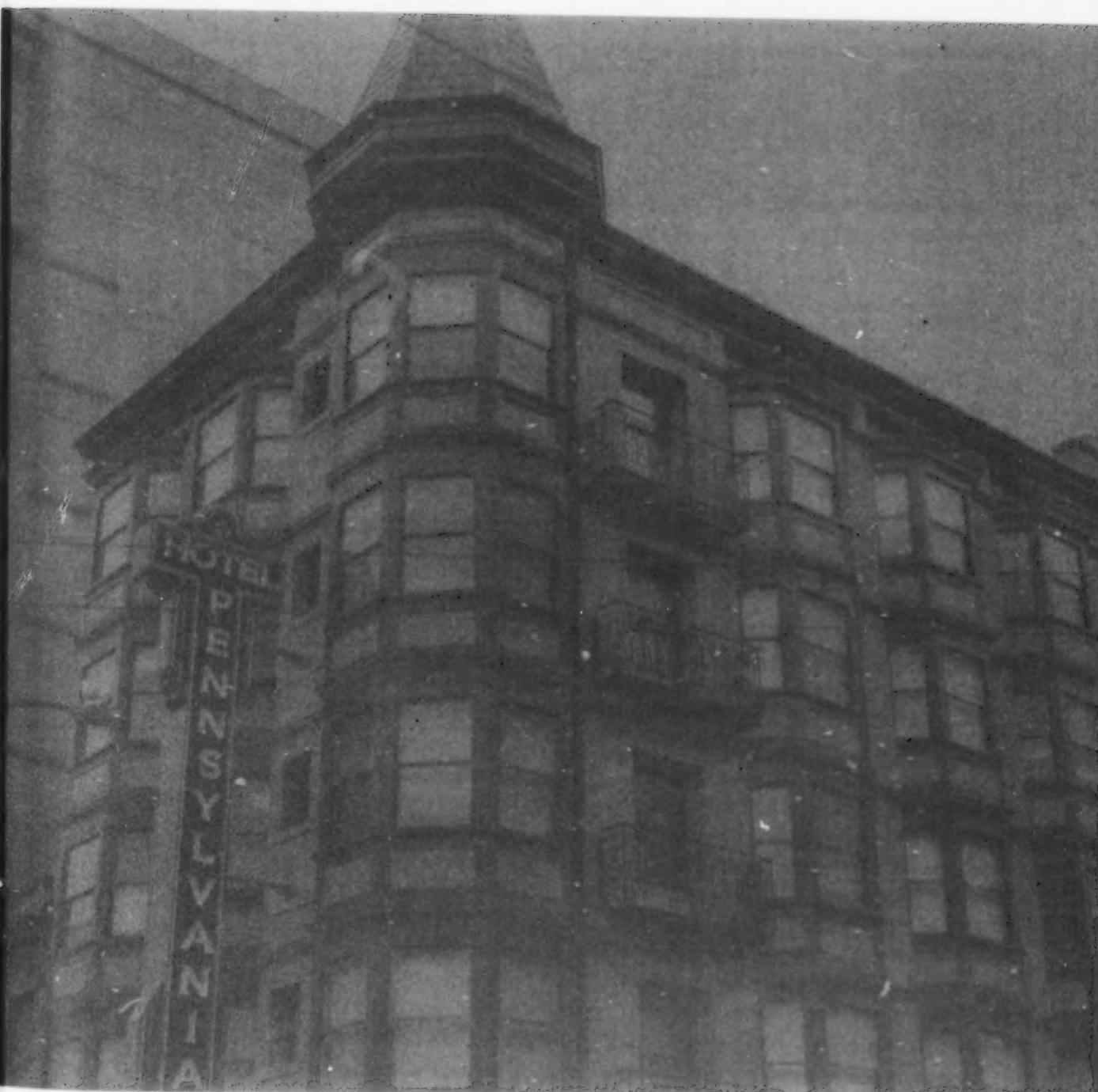
Performance Results

In December 2008, approximately 70 per cent of staff participated in a survey, and the results placed BC Housing in the top quartile of employers. BC Housing's overall scores continue to be well above average when compared to other organizations across North America. The results of the 10 benchmark questions improved by three per cent from 2007 and by 10 per cent since the survey was started in 2005. Results overall were positive indicating engaged employees; over 93 per cent of respondents feel they understand the goals and objectives of BC Housing, and would recommend BC Housing as a good place to work. As well, in October 2008 BC Housing was selected as one of British Columbia's top employers for 2009.

Future Directions

BC Housing's focus on customer service, organizational excellence and innovation helps us to be a responsive organization and effectively deliver on our core business areas and key goals in a cost effective manner. Our continued focus on the multi-year *People Strategy* is a critical element in moving forward, in recruiting, retaining and engaging our employees. Our *livegreen: A Housing Sustainability Action Plan* demonstrates our vision of becoming a leader in environmental sustainability in the social housing sector.

Management Discussion and Analysis



Management Discussion and Analysis

OPERATIONAL OVERVIEW – 2008/09 ACTUALS

FUNDING	PROGRAM EXPENDITURES	SERVICE ALLOCATION	HOUSEHOLDS SERVED*
Provincial government \$407.0 M	Emergency shelters & housing for homeless \$161.8 M	Emergency shelters & housing for homeless 8,075 units	Homeless 8,075 households
Federal government \$142.5 M	Transitional supported and assisted living \$116.8 M	Transitional supported and assisted living 17,732 units	Special needs 6,115 households
Tenant rent \$38.4 M	Independent social housing \$279.2 M	Independent social housing 40,633 units	Seniors 48,234 households
Provincial partnering ministries \$22.4 M	Rent assistance in the private market (Independent) \$68.3 M	Rent assistance in the private market (Independent) 24,183 units	Low-income families 28,199 households
Other \$16.3 M			
Total Revenues[†] \$626.6 M	Total Expenditures \$626.6 M	Total Units 90,623	Total Households Served 90,623

*Aboriginal families and individuals are served under each of these categories of households served. Total includes 5,676 targeted Aboriginal units. 2008/09 was another record setting year for BC Housing. More households were served and more resources were invested in affordable housing programs than ever before in the 40 year history of BC Housing. The Commission's revenues increased by 16 per cent (\$86.9 million), improving our ability to provide affordable, safe, quality housing to B.C. residents most in need. This increase in resources was largely comprised of:

- \$8.1 million to offset the cost of construction of new units built under the *Provincial Homeless Initiative*, the *Aboriginal Housing Initiative*, and the *Independent Living BC* programs
- \$29.5 million for enhanced emergency shelters, homeless outreach/rent supplement and aboriginal outreach
- \$7.6 million for the conversion of independent social housing to supportive housing under the *Seniors' Supportive Housing* program
- \$5 million for building energy retrofits
- \$5 million from City of Vancouver for single room occupancy hotel renovations
- \$10 million for fast tracking pre-development work
- \$2.7 million in higher tenant rent revenue and \$6.4 million for existing program pressures
- \$11.4 million from the *Housing Endowment Funding* for capital funding of innovative housing solutions
- \$1.2 million for the administration of federal social housing under the Social Housing Agreement

In 2008/09, total provincial spending through BC Housing was \$429.4 million, an increase of 22 per cent over the \$351.7 million spent in 2007/08. This increase was targeted at our residents most in need by expanding the supply of provincially administered housing serving frail seniors, homeless at risk families and individuals, and through rent assistance for low-income working families.

ASSETS AND LIABILITIES

Total assets increased 19 per cent over 2007/08. This was primarily due to a \$61 million increase in mortgage receivables. During the year, management decided to not tender not-for-profit mortgages and delay locking in these mortgages until credit spreads improved. Receivables also increased 56 per cent (up \$7.9 million). The increase in receivables was related to a \$5 million City of Vancouver contribution for single room occupancy hotels, \$1 million in subsidy adjustments due from various housing providers and a \$1.7 million building envelope settlement that was outstanding at year end. This increase in assets was offset by a decrease in cash and short-term investments (down \$30.3 million). Investment losses accounted for \$19.4 million of the decline, and the balance was due to cash flow. At year end, BC Housing held \$76.4 million in cash and short-term investments (down 28 per cent compared to the prior year). In addition, construction loans to housing projects declined by about \$10 million compared to the prior year. This decline is a normal fluctuation in the amount of construction underway at the year end date.

The delay in tendering mortgages also increased provincial treasury borrowing (increase of \$74 million over the prior year). BC Housing started tendering the not-for-profit mortgages in the last two months of 2008/09. As happened last year, BC Housing's cash position benefited in the last month of the fiscal year:

- * \$30 million was received from the Ministry of Housing and Social Development for the purchase of single room occupancy hotels and apartment buildings by PRHC.
- * \$25 million was received from the Province immediately before year end for 2009/10 first month expenditures occurring in April 2009.

BC Housing liabilities increased 19 per cent over the prior year. The primary reason for the increase in liabilities was additional borrowing from the provincial treasury. This increase was offset by a \$5.9 million decrease in social housing agreement reserves that was primarily due to the drop in market value of short-term investments.

The amount due to PRHC declined by \$29.9 million (\$26 million in the prior year) due to the ongoing major renovations to PRHC-owned single room occupancy hotels. PRHC's Statement of Financial Position shows the related impact of the building purchases. PRHC's investment in properties has increased by \$81 million for the hotel and apartment building purchases and major renovations. Overall, PRHC's total assets increased by about nine per cent, or \$51 million, when compared to the prior year.

Management Discussion and Analysis (continued)

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS – 2004/05 TO 2011/12 (in thousands of dollars)

	2004/05 ACTUAL	2005/06 ACTUAL	2006/07 ACTUAL	2007/08 ACTUAL	2008/09 ACTUAL	BUDGET PREDICTED	YEAR VARIANCE	2008/09 FORECAST	2009/10 FORECAST	2010/11 FORECAST	
Revenue											
Provincial Share*	171.53	202.74	235.44	271.93	425.17	415.745	-9.425	519.427	514.282	514.285	
Federal Share	162.00	123.08	103.92	41.475	142.46	139.218	-2.248	135.53	137.657	137.658	
Other**	35.70	43.94	43.64	46.902	54.710	49.674	5.036	7.728	46.86	46.221	73.688
Total Revenue	369.23	360.72	410.94	360.802	620.648	500.038	20.588	52.886	514.428	518.182	525.158
Expenditure											
Type/Dept & Component											
Housing	350.00	311.00	361.49	384.52	420.48	426.818	16.388	415.58	389.985	372.889	318.084
Employee Benefits	100.00	100.00	100.00	100.00	100.00	100.00	0.00	100.00	100.00	100.00	100.00
Rent Supplement Assistance***	20.00	25.00	43.51	52.11	61.24	104.11	23.888	21.008	94.992	94.339	94.339
Administration	20.00	20.00	20.00	20.00	20.00	20.00	0.00	20.00	20.00	20.00	20.00
Total Expenditure	400.00	361.00	441.49	459.52	420.48	426.818	16.388	415.58	389.985	372.889	318.084
Excess/Deficit/Carryover											
Excess	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deficit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Carryover	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* In 2008/09 provincial revenues include funding of \$407.0 million provided directly by the provincial government to BC Housing, plus \$22.4 million provincial funding through other provincial partnering ministries.

** The "other" category includes tenant rent and revenues from other sources.

*** Rent supplement assistance includes the ILBC program and miscellaneous costs, but does not include administration.

There are 558 FTE staff employed across the Commission.

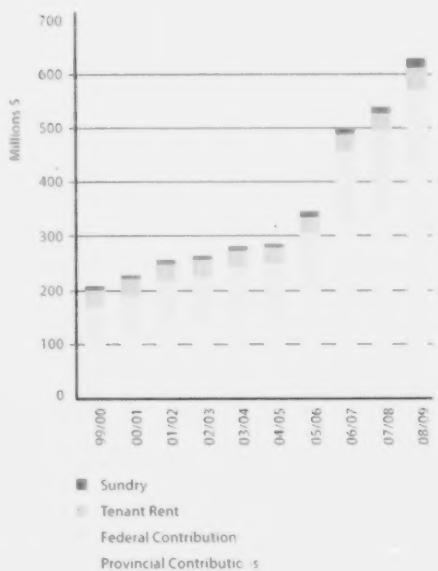
REVENUES

BC Housing received total revenues of \$626.6 million in 2008/09, an increase of 16 per cent over the prior year. The chart to the right shows the change in revenue over the last ten years. Provincial contributions have almost tripled over this period which is mostly attributable to the construction of an average of almost 1,500 new affordable housing units each year. Federal contributions have almost doubled over the last ten years largely because of the devolution of federal social housing administration, building envelope repair costs and the impact of inflation on operating costs.

Provincial contributions increased by \$77.8 million in 2008/09 or 22 per cent more than the budget and the prior year. This increase was the result of the transfer of funding for the purchase of hotels and apartment buildings, the cost of construction of new units under housing programs, and the conversion of social housing to supportive housing for seniors.

Through Canada Mortgage and Housing Corporation, total contributions from federal subsidies for 2008/09 were \$142 million, a nominal increase over the prior year. This minimal increase was possible because BC Housing was able to access funds set aside in the prior year under the Social Housing Agreement.

Revenue – 1999/00 to 2008/09



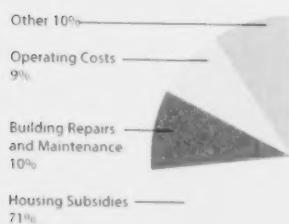
Tenant rent revenue increased by \$2.7 million (five per cent above budget and eight per cent above prior year). The increase resulted from the added hotel and apartment buildings. Sundry revenue increased slightly over the prior year as the losses from investments were reported separately under expenditures. The increase was by \$7.9 million, of which \$5 million was contributed by the City of Vancouver.

PROGRAM EXPENDITURES

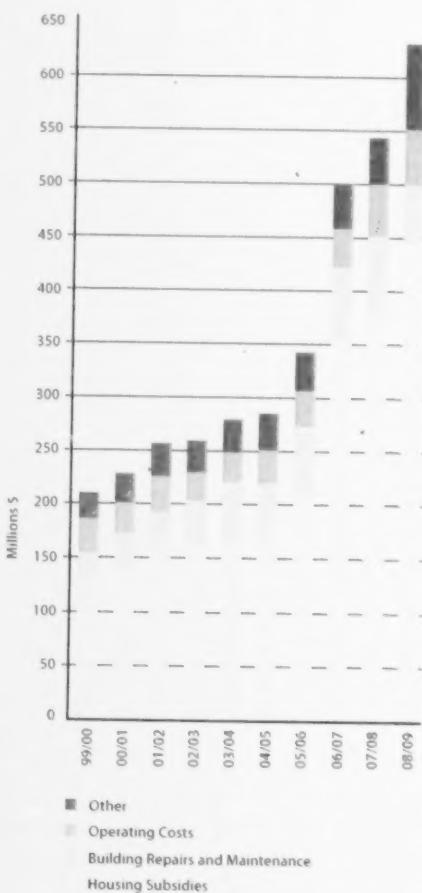
Total expenditures for 2008/09 were \$626.6 million, an increase of 16 per cent over the prior year. The \$87 million increase was primarily due to the construction of new affordable housing under housing programs, the acquisition of hotels and apartments, and the conversion of social housing to supportive housing for seniors. Total expenditures above budget were possible as a result of contributions from the Ministry of Housing and Social Development for hotel and apartment purchases and contributions from the Province from the *Housing Endowment Fund* as well as additional monies for energy retrofits. Subsidy payments to non-profit and co-op housing providers and to individuals comprise 71 per cent of all costs and continue to be the largest component of BC Housing's budget. Total subsidies and rental assistance payments to individuals increased by 20 per cent over the prior year. This increase was the result of newly completed non-profit housing projects, improvements made to the *Rental Assistance Program* and more families qualifying for rental assistance.

The chart to the right shows BC Housing's expenditures over the past ten years. Total expenditures have increased about three times. Housing subsidy payments to non-profit and cooperative housing providers and to individuals have tripled, rising from \$135 million in 1999/00 to \$445 million in 2008/09. During this time period, BC Housing developed over 15,000 new affordable housing units. As well, enhancements to the *SAFER* and the *Rental Assistance Program* have increased the average benefits received and expanded the number of people qualifying for the programs.

Expenditures – Actual 2008/09 (\$627 M)



Expenditures – 1999/00 to 2008/09



Management Discussion and Analysis (continued)

The chart on page 41 also shows that building repair and maintenance costs have tripled over the decade, rising from \$17 million in 1999/00 to \$60 million in 2008/09. BC Housing's expenditures for modernization and improvement ensure that the existing housing stock is protected and managed for the long-term. In 2008/09, \$48 million was spent on modernization and improvement (up 44 per cent over the prior year), \$33 million was spent on building envelope repairs (down 32 per cent from the prior year) and \$14 million was spent on minor maintenance (up 33 per cent over the prior year).

BC Housing's Statement of Operations shows that operating expenses increased by 29 per cent this year, rising from \$23 million last year to \$30 million this year. This increase is attributable to higher spending on information technology, advertising of new programs, and consulting costs necessary to manage the expansion of programs and services in recent years as well as the transfer of federal housing stock under the Social Housing Agreement. Building mortgage costs, utility costs and property taxes all increased due to the acquisition of hotel and apartment buildings.

MANAGING RISK

BC Housing uses an enterprise-wide, risk-management approach to identify and manage risks. All key operating departments determine risks, challenges and opportunities. Risk management strategies are then employed to balance current and future market and budget pressures with timing and implementation strategies.

KEY RISKS	SENSITIVITIES	RISK MITIGATION STRATEGIES
Mortgage/interest rate fluctuations	<ul style="list-style-type: none">A one per cent increase above the budgeted mortgage rate would increase housing subsidies by about \$3.2 million in 2009/10 and up to \$7.7 million in 2011/12	<ul style="list-style-type: none">Bulk tendering of mortgagesLaddered renewal dates with less than 20 per cent of portfolio renewed in a yearStaggered mortgage termsLocked-in longer mortgage terms at lower interest ratesLow-interest construction financing to reduce new housing capital costs, thereby reducing ongoing subsidies
Investment returns fluctuations	<ul style="list-style-type: none">Volatility in the global financial markets impact the rate of return on investments	<ul style="list-style-type: none">Engage sound investment management that balances risk and return over the long-termDiversify the portfolio with a strategic asset mix of various financial instruments such as equities and bondsReview and re-balance the strategic asset mix as required

KEY RISKS	SENSITIVITIES	RISK MITIGATION STRATEGIES
Building envelope repair cost increases	<ul style="list-style-type: none"> ▪ Cost estimates are subject to revision pending tear-off of building envelopes and inspection of actual damage ▪ Significant cost increases and delays to repairs already planned could further delay the target completion date, resulting in more serious deterioration 	<ul style="list-style-type: none"> ▪ Long-term repair strategies including detailed examinations of at-risk buildings ▪ Accelerated repair program ▪ Implementation of design and construction standards incorporating recommended building techniques ▪ Rigorous maintenance programs for all new and repaired projects ▪ Pre-qualified skilled and specialized contractors ▪ Cost recovery, where feasible and warranted, from parties responsible for design, construction and inspection of buildings
Capital asset repairs	<ul style="list-style-type: none"> ▪ Aging housing buildings require significant repairs to maintain health, safety and livability 	<ul style="list-style-type: none"> ▪ Redevelopment; pro-active and preventative maintenance programs prioritizing repairs ▪ Implementation of sustainable, comprehensive asset strategies that yield lower future maintenance costs
Higher heating costs	<ul style="list-style-type: none"> ▪ A \$1 increase per gigajoule in the price of natural gas would increase the budgeted estimates by approximately \$1.7 million in 2009/10 	<ul style="list-style-type: none"> ▪ Development of a retrofit strategy ▪ Implementation and installation of energy efficient equipment resulting in reduced energy consumption
Higher inflation	<ul style="list-style-type: none"> ▪ A one per cent increase above the budgeted consumer price index would increase expenses by \$0.7 million in 2009/10 	<ul style="list-style-type: none"> ▪ Bulk purchasing for insurance/natural gas and appliances ▪ Best practices by housing providers

FUTURE OUTLOOK

BC Housing's total approved operating budget of \$504 million and additional capital budget of \$384 million in 2008/09 is the largest housing budget in the province's history. Total provincial operating spending in 2009/10 is budgeted at \$319 million to cover SAFER, the *Rental Assistance Program*, ILBC, PHI, and the management and maintenance of the public housing stock. In addition the Province is providing another \$244 million in one-time capital funding to be spent on the construction and social housing over the next two years and another \$123 million in federal and provincial funding for the development of housing for seniors and people with disabilities.

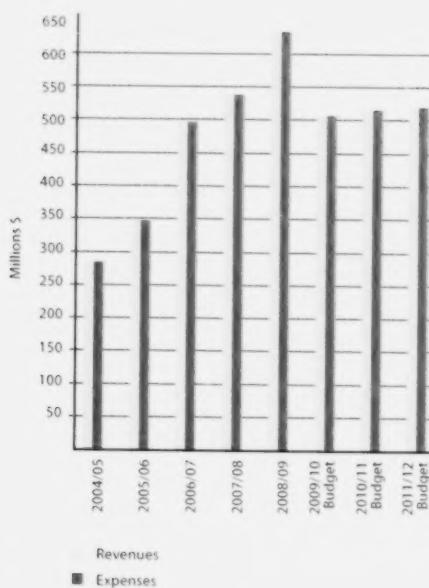
Management Discussion and Analysis (continued)

In 2010/11, the total provincial operating funding will decrease slightly to \$314 million, but overall spending will increase due to the additional capital funding from the province and federal governments. In future years, provincial spending will increase as housing projects under the ILBC, PHI and Seniors' Supportive Housing programs are completed and begin to require operating subsidies.

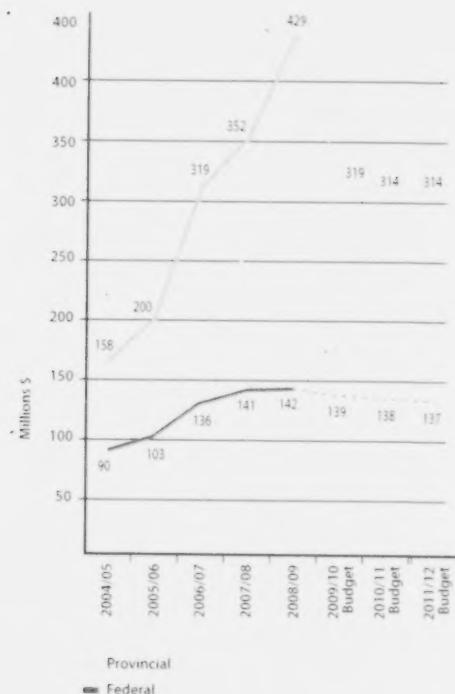
Federal contributions of \$139 million in 2009/10 are expected as a result of the Social Housing Agreement between BC Housing and CMHC. This agreement transferred administrative responsibility for the federal housing portfolio in B.C. to BC Housing. In future years, as federal housing projects reach the end of their operating agreements, federal contributions will gradually decline.

Through many cost-saving, sustainability initiatives and program delivery models, BC Housing has developed strategies to manage expenditure growth, contain costs, and maximize the effectiveness of our programs. Strengthened partnerships for new developments and streamlined program delivery, including subsidy administration, along with continued reductions in administration expenses and overhead, and risk management strategies, will ensure BC Housing continues to meet its mandate in a cost-effective manner.

Revenues and Expenses



Contributions



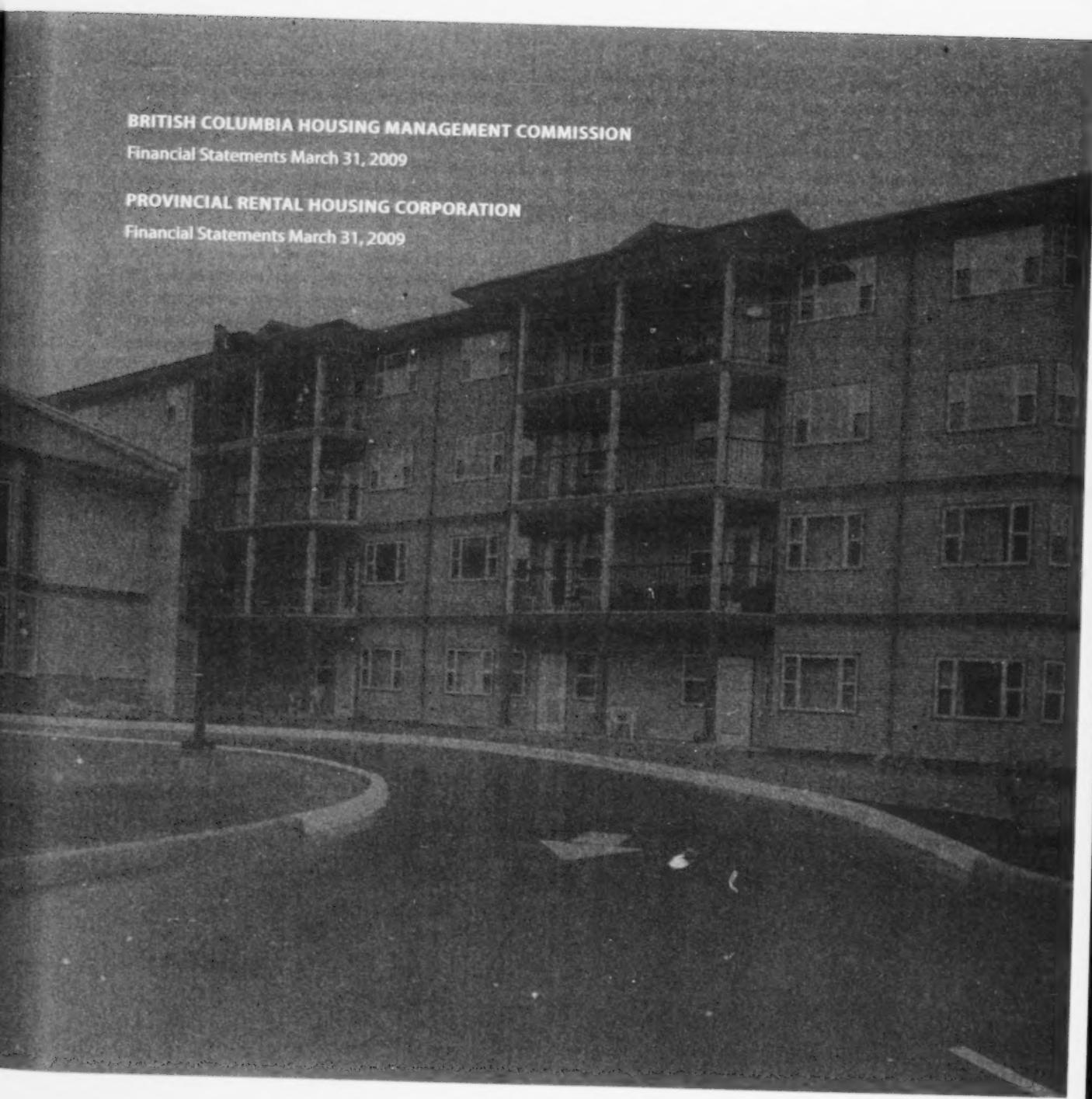
Financial Statements

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Financial Statements March 31, 2009

PROVINCIAL RENTAL HOUSING CORPORATION

Financial Statements March 31, 2009



British Columbia Housing Management Commission

Financial Statements March 31, 2009

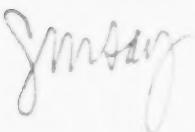
Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 25, 2009. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissioners. The Audit and Risk Management Committee also recommends the appointment of external auditors to the Board of Commissioners. The external auditors have full and open access to the Audit and Risk Management Committee, with and without the presence of management.



Shayne Ramsay
Chief Executive Officer
May 25, 2009



Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer

Auditors' Report

To the Board of Commissioners of
British Columbia Housing Management Commission

We have audited the Statement of Financial Position of British Columbia Housing Management Commission as at March 31, 2009 and the statement of Operations and Cash Flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of British Columbia Housing Management Commission as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian general accepted accounting principles.

Vancouver, British Columbia
May 1, 2009

BDO Dunwoody LLP

BDO Dunwoody LLP
Chartered Accountants & Advisors
600 Cathedral Place – 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Statement of Financial Position

British Columbia Housing Management Commission

As at March 31	2009 (\$000's)	2008 (\$000's)
ASSETS		
Current		
Cash	\$ 4,097	\$ 6,883
Short term investments	72,363	99,924
Receivables	22,202	14,267
Prepaid expenses and housing subsidies	18,343	15,990
Due from Province of British Columbia	7,498	1,238
Due from Canada Mortgage and Housing Corporation	5,225	7,507
Construction loans to housing projects (Note 3)	69,525	79,529
Current portion of mortgages receivable (Note 4)	66,793	469
	266,046	225,807
Mortgages receivable (Note 4)	106	4,621
Proposal development advances (Note 5)	443	168
Capital assets (Note 6)	15,556	7,584
	\$ 282,151	\$ 238,180
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 34,923	\$ 33,564
Deferred revenue (Note 7)	31,908	33,672
Due to Provincial Rental Housing Corporation (Note 8)	11,808	41,772
Tenants' prepaid rent	726	650
Due to Provincial Treasury	75,201	1,000
Society funds held on deposit (Note 9)	23,730	21,009
Grants received in advance of construction (Note 10)	84,225	81,056
	262,521	212,723
Social Housing Agreement Reserves (Note 11)	18,157	24,075
	280,678	236,798
Net assets (Note 12)	1,473	1,382
	\$ 282,151	\$ 238,180

Commitments (Note 14) • Contingency (Note 16)

On behalf of the Board

Chair

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

Year Ended March 31

	2009 (\$000's)	2008 (\$000's)
REVENUE		
Provincial contributions	\$ 429,457	\$ 351,690
Federal contributions	142,462	141,270
Tenant rent	38,412	35,685
Other	16,317	11,117
	<hr/> \$ 626,648	<hr/> \$ 539,762
EXPENSES		
Housing subsidies	\$ 380,980	\$ 337,133
Rental assistance	64,022	45,517
Building modernization and improvement	46,757	58,331
Salaries and labour	39,310	32,024
Operating expenses	29,700	22,955
Unrealized investment losses and interest expense	15,066	46
Building maintenance	13,872	10,473
Office and overhead	10,777	8,243
Utilities	9,997	9,266
Building mortgage costs	8,902	8,902
Grants in lieu of property taxes (Note 13)	7,174	6,739
	<hr/> \$ 626,557	<hr/> \$ 539,629
Excess of revenue over expenses	91	133
Net assets, beginning of year	1,382	1,249
Net assets, end of year (Note 12)	\$ 1,473	\$ 1,382

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

As at March 31	2009 (\$000's)	2008 (\$000's)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 91	\$ 133
Adjustments to determine cash flows:		
Depreciation	7,023	4,672
Unrealized investment losses	14,444	50
Change in non-cash working capital	(12,831)	19,167
	<hr/> \$ 8,727	<hr/> \$ 24,022
INVESTING ACTIVITIES		
Short term investments	\$ 13,117	\$ (37,139)
Mortgages receivable	(61,809)	(211)
Proposal development advances	(275)	260
Construction loans provided to housing projects	10,004	3,199
Capital asset additions	(14,995)	(5,926)
	<hr/> \$ (53,958)	<hr/> \$ (39,817)
FINANCING ACTIVITIES		
Deferred revenue	\$ (1,764)	\$ (2,124)
Advances from Provincial Rental Housing Corporation	(29,964)	(46,106)
Due to Provincial Treasury	74,201	(9,028)
Society funds held on deposit	2,721	1,419
Grants received in advance of construction	3,169	48,970
Social Housing Agreement Reserves	(5,918)	(214)
	<hr/> \$ 42,445	<hr/> \$ (7,083)
(Decrease) Increase in cash	(2,786)	(22,928)
Cash, beginning of year	6,883	29,811
Cash, end of year	<hr/> \$ 4,097	<hr/> \$ 6,883
Supplemental cash flow information		
Interest received	\$ 3,299	\$ 3,768
Interest paid	\$ 1,244	\$ 1,926

See accompanying notes to the financial statements

Notes to the Financial Statements March 31, 2009

British Columbia Housing Management Commission

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's Shelter Aid for Elderly Renters program, and Rental Assistance Program, and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, for not-for-profit organizations.

Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances require the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Capital Assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Both computer hardware and software are depreciated on the straight-line method over three years. All other capital assets are depreciated on the straight-line method over five years.

Employee Benefit Plans

The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 55,000 active plan members and approximately 133,000 retired plan members.

British Columbia Housing Management Commission Notes to the Financial Statements (continued)

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2008, indicated an actuarial surplus of \$487 million for basic pension benefits. The next valuation will be as at March 31, 2011 with results available in early 2012. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid **\$2,601,343** for employer contributions to the Plan in fiscal 2009 (2008: \$2,071,773).

Financial Instruments

The Commission's financial instruments consist of cash, short-term investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects proposal development advances, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Held-for-trading: The Commission has designated cash and short-term investments as held-for-trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables and other financial liabilities: Receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects and proposal development advances are classified as loans and receivables. Accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit are classified as other financial liabilities.

Loans and receivables and other financial liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. These instruments are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment.

Given the short-term nature of receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation and due to Provincial Treasury, their carrying value equates their current fair value. The current fair value of mortgages receivable is set out in Note 4. The current fair value of proposal development advances is not determinable. The current fair value of Society funds held on deposit equates to its carrying value because it accrues interest at a variable current rate.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective and have a potential implication for the Commission, are as follows:

CICA Handbook Section 1000, Financial Statement Concepts: Section 1000 has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for the Commission's reporting period beginning April 1, 2009. The Commission is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Cash Flow Statements. Section 1540 was amended to include not-for-profit organizations within its scope. The Commission does not expect that this standard will impact its financial reporting.

This standard is effective for the Commission's reporting period beginning April 1, 2009. The Commission does not expect that this standard will impact its financial reporting significantly.

Financial Statement Presentation by Not-for-Profit Organizations. Section 4400 of the CICA Handbook has been amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets; and
- require that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Disclosure of Related Party Transactions by Not-for-Profit Organizations. Section 4460 of the CICA Handbook has been amended to be consistent with the related party accounting rules for private and public enterprises.

This standard is effective for the Commission's reporting period beginning April 1, 2009. The Commission does not expect that this standard will impact its financial reporting significantly.

Disclosure of Allocated Expenses by Not-for-Profit Organizations. Section 4470 of the CICA Handbook establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. Particular emphasis is made to the allocation of fundraising and general administration expenses.

This standard is effective for the Commission's reporting period beginning April 1, 2009. The Commission does not expect that this standard will impact its financial reporting significantly.

3. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a National Housing Act approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. Due to the volatility in credit spreads in early fiscal 2008/2009, the Commission deferred tendering to private lenders as a short term strategy (see Note 4). Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

The Provincial Treasury provides funding to the Commission for the purpose of advancing loans for construction. These loans are secured and bear interest at the Province's weighted average borrowing rate for short-term funds. The Commission has the authority to borrow up to a maximum of \$165 million from the Provincial Treasury.

4. MORTGAGES RECEIVABLE

The Commission, in its capacity as a National Housing Act approved lender, occasionally acts as the take-out lender for some projects. As described in Note 3, the Commission deferred tendering construction loans in fiscal 2008/09 due to the volatility in credit spreads. The Commission started re-tendering these mortgages near fiscal year end as credit spreads started to improve. The mortgages are secured by property and bear interest rates of up to 9.48%. (fair value -\$75,287) (2008 - \$5,228)

British Columbia Housing Management Commission Notes to the Financial Statements (continued)

5. PROPOSAL DEVELOPMENT ADVANCES

Loan advances are made to sponsoring societies for needs studies, incorporation and site development costs. These are secured non-interest bearing advances and are normally repaid upon project completion or remain outstanding for three years, at which time they are written-off. An allowance is established for the value of advances outstanding whenever there is uncertainty about projects proceeding to the final commitment stage. An allowance was not considered necessary for this year or prior.

6. CAPITAL ASSETS

			2009 (\$000's)	2008 (\$000's)
	Cost	Accumulated depreciation	Net book value	Net book value
Computer software	\$ 18,517	\$ 11,749	\$ 6,768	\$ 4,268
Computer hardware	4,921	2,816	2,105	549
Tenant improvements	9,052	3,780	5,272	1,752
Office furniture	3,238	2,168	1,070	688
Office equipment	657	587	70	43
Vehicles	471	263	208	239
Grounds equipment	282	219	63	45
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 37,138	\$ 21,587	\$ 15,556	\$ 7,584

7. DEFERRED REVENUE

		Contributions Received 2008 (\$000's)	Revenue Recognized 2009 (\$000's)	2009 (\$000's)
Provincial Contributions		\$ 26,979	\$ (406,638)	\$ 26,035
Canada Mortgage and Housing Corporation		6,679	(142,462)	5,870
Other Agencies		14	(11)	3
		<hr/>	<hr/>	<hr/>
		\$ 33,672	\$ (549,111)	\$ 31,908

The Social Housing Agreements Reserves (Note 11) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

8. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation is a Crown corporation managed by the Commission.

9. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

10. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	Balance, beginning of year (\$000's)	Grant received (\$000's)	Construction costs incurred (\$000's)	Balance, end of year (\$000's)
Project Grants	\$ 56,498	\$ 124,724	\$ (101,977)	\$ 79,245
CMHC – Phase 1	1,736		(1,573)	163
CMHC – Phase 2	15,594		(11,585)	4,009
Ministry – Other	7,228		(6,420)	808
	\$ 81,056	\$ 124,724	\$ (121,555)	\$ 84,225

11. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement for only these purposes.

	2009 (\$000's)	2008 (\$000's)
Balance, beginning of year	\$ 24,075	\$ 24,289
Funds applied	(1,432)	(398)
Investment income (loss)	(4,486)	184
Balance, end of year	\$ 18,157	\$ 24,075

12. CHANGES IN NET ASSETS

	Invested in capital assets (\$000's)	Unrestricted (\$000's)	2009 (\$000's)	2008 (\$000's)
Balance, beginning of year	\$ 7,584	\$ (6,202)	\$ 1,382	\$ 1,249
Excess of revenue over expenses for the year	(7,023)	7,114	91	133
Addition to capital assets	14,995	(14,995)	–	–
	\$ 15,556	\$ (14,083)	\$ 1,473	\$ 1,382

British Columbia Housing Management Commission Notes to the Financial Statements (continued)

13. GRANTS IN LIEU OF TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

14. COMMITMENTS

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	(\$000's)
2010	3,582
2011	2,129
2012	1,458
2013	1,446
2014	\$ 1,472

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission acquires goods and services from the Province and certain crown corporations, under prevailing trade terms.

These statements do not include the capital cost of the projects, which are owned by Provincial Rental Housing Corporation (PRHC). Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

16. CONTINGENCY

Building Envelope Failure

In response to industry concerns and experience regarding building envelope failure, the Commission undertook a systematic review of non-profit and co-operative owned buildings and directly managed buildings under its administration. Buildings included in the study are part of the Federal/Provincial housing portfolio. The Commission received preliminary estimates for the cost of remediation for a number of projects.

Substantially all of the buildings have been examined. The costs, subject to confirmation through detailed engineering studies or actual repairs, are estimated at \$205.1 million. Repairs to non profit and co-operative owned buildings will be undertaken by housing sponsors in the future and the resulting expenditures, if accepted and approved, will be cost-shared with CMHC and the Province based on various program funding formulae. Requests for funding of the repairs will be included in annual budgets and reimbursed based on actual costs incurred.

Letters of Guarantee

As at March 31, 2009, the Commission was contingently liable with respect to letters of guarantee totalling \$1,802,122 for municipal development cost charges.

17. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2009.

a. Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (see Note 4). Construction loans are also secured by property and repaid at substantial completion of project (see Note 3).

b. Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission is not exposed to foreign exchange risk as all securities are denominated in Canadian dollars.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

d. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market (see Note 2 – financial instruments).

e. Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due (see Note 2 – financial instruments).

18. CAPITAL DISCLOSURES FOR NOT-FOR-PROFITS

The Commission considers its capital to be its net assets. Its restricted net assets consist of amounts invested in capital assets (see Note 12). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

Provincial Rental Housing Corporation

Financial Statements March 31, 2009

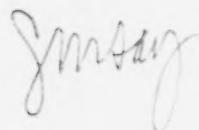
Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 25, 2009. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian generally accepted accounting principles. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee, comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissioners. The Audit and Risk Management Committee also recommends the appointment of external auditors to the Board of Directors. The external auditors have full and open access to the Audit and Risk Management Committee, with and without the presence of management.



Shayne Ramsay
Chief Executive Officer
May 25, 2009



Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer

Auditors' Report

To the Shareholder of
Provincial Rental Housing Corporation

We have audited the Statement of Financial Position of the Provincial Rental Housing Corporation as at March 31, 2009 and the Statements of Operation, Change in Net Assets and Cash Flows for the year ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Provincial Rental Housing Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian general accepted accounting principles.

Vancouver, British Columbia
May 1, 2009

BDO Dunwoody LLP

BDO Dunwoody LLP
Chartered Accountants & Advisors
600 Cathedral Place – 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

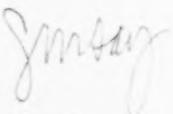
Statement of Financial Position

Provincial Rental Housing Corporation

As at March 31	2009 (\$000's)	2008 (\$000's)
ASSETS		
Investment in properties (Note 3)	\$ 621,656	\$ 540,380
Debenture subsidy receivable	839	839
Due from British Columbia Housing Management Commission (Note 4)	11,808	41,772
Cash	1	1
	\$ 634,304	\$ 582,992
LIABILITIES		
Long-term debt (Note 5)	\$ 210,557	\$ 216,619
Interest payable	551	568
Unearned lease revenue	89,934	91,984
Funding in advance of construction (Note 6)	16,550	19,150
Deferred contributions (Note 7)	78,012	67,452
Property sale deposit (note 11)	20,000	-
	\$ 415,604	\$ 395,773
NET ASSETS		
Invested in properties	\$ 218,700	\$ 187,219
	\$ 634,304	\$ 582,992

Subsequent event (Note 11)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2009 (\$000's)	2008 (000's)
REVENUE		
Directly managed debenture subsidy	\$ 13,458	\$ 13,516
Group home mortgage subsidy	9,092	8,656
Contribution revenue	5,037	4,593
Lease revenue	2,051	2,051
Gain on sale of property	17	4,974
	\$ 29,655	\$ 33,790
EXPENSES		
Interest on long-term debt	\$ 13,250	\$ 13,690
Property redevelopment (Note 9)	-	11,000
Depreciation	8,922	8,179
Group home and self insurance claims	1,531	531
	23,703	33,400
Excess of revenue over expenses for the year	\$ 5,952	\$ 390

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Provincial Rental Housing Corporation

Year Ended March 31

	Group Home								
	Invested in Properties (\$000s)	Replacement Reserves (\$000s)	Self Insurance Reserves (\$000s)	Unrestricted		2009 (\$000s)		2008 (\$000s)	
Balance, beginning of year	\$ 164,325	\$ 5,836	\$ 12,070	\$ 4,988		\$ 187,219		\$ 140,722	
Excess of revenue over expenses for the year	(3,006)	(210)	(1,321)	10,489		5,952		390	
Disposal of property	(518)	-	-	518		-		-	
Additional funding for year	-	224	948	(1,172)		-		-	
Purchase of buildings and construction	47,020	-	-	(47,020)		-		-	
Repayment of debt	9,803	-	-	(9,803)		-		-	
Transfer from Province for investment in properties	25,529	-	-	-		25,529		46,107	
Balance, end of year	\$ 243,153	\$ 5,850	\$ 11,697	\$ (42,000)		\$ 218,700		\$ 187,219	

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2009 (\$000\$)	2008 (\$000\$)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	\$ 5,952	\$ 390
Adjustments to determine cash flows:		
Depreciation	8,922	8,179
Amortization of unearned lease revenue	(2,050)	(2,051)
Amortization of deferred contributions	(3,865)	(3,090)
Change in non-cash working capital	(17)	(7,447)
	\$ 8,942	\$ (4,019)
INVESTING ACTIVITIES		
Property acquisitions	\$ (90,689)	\$ (90,165)
Property disposals	\$ 490	\$ —
	\$ (90,199)	\$ (90,165)
FINANCING ACTIVITIES		
New financing	\$ 3,742	\$ 19,359
Long-term debt repayment	(9,803)	(8,880)
Funding in advance of construction	(2,600)	(28,334)
Property sale deposit	20,000	—
Deferred contributions	14,425	39,463
Property acquisition contribution receipts	25,529	46,107
Due to / from British Columbia Housing		
Management Commission	29,964	26,469
	\$ 81,257	\$ 94,184
Increase in cash		
Cash, beginning of year	1	1
Cash, end of year	\$ 1,5	\$ 1
Supplemental cash flow information		
Interest received	404	713
Interest paid	\$ 13,267	\$ 13,706

See accompanying notes to the financial statements

Notes to the Financial Statements March 31, 2009

Provincial Rental Housing Corporation

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the Company Act of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Use of Estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings require the greatest degree of estimation. Actual results could differ from those estimates.

Investment in Properties

The Corporation capitalizes its investment in properties at cost and depreciates its buildings on the straight-line method over 25 years. Betterments to a building are capitalized and amortized over the remaining service life of the building.

Property Leases

The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions

Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets.

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Net Assets Invested in Properties

For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs. The Corporation records the portion of the grant relating to land as Net Assets Invested in Properties when the projects are completed.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

Financial Instruments

The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission; cash, long-term debt and interest payable. These financial instruments are accounted for as follows:

Loans and receivables. The Corporation has classified the following financial assets as loans and receivables: debenture subsidy receivable and due from BC Housing Management Commission. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. Given the short-term nature of these items their carrying value equates to their fair value.

Other financial liabilities. The Corporation has classified the following financial liabilities as other financial liabilities: long-term debt and interest payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. The fair value of interest payable equates its carrying value. See Note 5 in regard to fair value of long-term debt.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective and have a potential implication for the Corporation, are as follows:

CICA Handbook Section 1000, Financial Statement Concepts. Section 1000 has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for the Corporation's reporting period beginning April 1, 2009. The Corporation is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Cash Flow Statements. Section 1540 was amended to include not-for-profit organizations within its scope. The Corporation does not expect that this standard will impact its financial reporting.

This standard is effective for the Corporation's reporting period beginning April 1, 2009. The Corporation does not expect that this standard will impact its financial reporting significantly.

Financial Statement Presentation by Not-for-Profit Organizations. Section 4400 of the CICA Handbook has been amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets; and
- require that revenues and expenses must be recognized and presented on a gross basis, when a not-for-profit organization is acting as a principal in transactions.

Provincial Rental Housing Corporation Notes to the Financial Statements (continued)

Disclosure of Related Party Transactions by Not-for-Profit Organizations Section 4460 of the CICA Handbook has been amended to be consistent with the related party accounting rules for private and public enterprises.

This standard is effective for the Corporation's reporting period beginning April 1, 2009. The Corporation does not expect that this standard will impact its financial reporting significantly.

Disclosure of Allocated Expenses by Not-for-Profit Organizations Section 4470 of the CICA Handbook establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. Particular emphasis is made to the allocation of fundraising and general administration expenses.

This standard is effective for the Corporation's reporting period beginning April 1, 2009. The Corporation does not expect that this standard will impact its financial reporting significantly.

			2009 (\$000's)	2008 (\$000's)
	Accumulated depreciation	Net book value	Net book value	Net book value
	Cost			
Land	\$ 428,446	\$ -	\$ 428,446	\$ 396,329
Buildings	276,252	118,434	157,818	139,000
Construction in progress	35,392	-	35,392	5,051
	\$ 740,090	\$ 118,434	\$ 621,656	\$ 540,380

4. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

		2009 (\$000's)	2008 (\$000's)
Canada Mortgage & Housing Corporation (CMHC)		\$ 105,866	\$ 105,866
Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35% to 14.25%, and secured by unregistered first mortgages on properties of the Corporation (Fair value - \$139,076, 2008 - \$128,133)			
Chartered banks and CMHC		\$ 110,753	\$ 110,753
Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 3.86% to 8%, and secured by registered first mortgages on properties of the Corporation (Fair value - \$114,239; 2008 - \$114,638)			
		\$ 216,619	\$ 216,619

Fair values were estimated by calculating the present value of the future mortgage payments discounted at the March 31st yield of the Government of Canada benchmark bond plus 50 basis points.

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	(\$000's)
2010	\$ 36,126
2011	27,446
2012	21,065
2013	21,223
2014	19,112
Thereafter	85,585
	<hr/> <hr/> \$ 210,557

6. FUNDING IN ADVANCE OF CONSTRUCTION

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

7. DEFERRED CONTRIBUTIONS

	2009 (\$000's)	2008 (\$000's)
Balance, beginning of year	\$ 67,452	\$ 31,079
Receipts	14,425	39,463
Amortization	(3,865)	(3,090)
Balance, end of year	<hr/> \$ 78,012	<hr/> \$ 67,452

8. GROUP HOME REPLACEMENT AND SELF INSURANCE RESERVES

	Group Home Reserves (\$000's)	Self Insurance Reserves (\$000's)	Total (\$000's)
Balance, beginning of year	\$ 5,836	\$ 12,070	\$ 16,932
Additional funding	82	686	791
Interest	142	262	713
Less: expenditures & claims	6,060 (210)	13,018 (1,321)	18,436 (530)
Balance, end of year	<hr/> \$ 5,850	<hr/> \$ 11,697	<hr/> \$ 17,906

Provincial Rental Housing Corporation

Notes to the Financial Statements (continued)

9. PROPERTY REDEVELOPMENT

During fiscal 2007/08, the Corporation made expenditures to improve relations with parties who have a significant interest in the redevelopment of the Corporation's properties.

10. RELATED PARTY TRANSACTIONS

a. Insurance

The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b. Directly Managed Debenture Subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c. Group Home Mortgage Subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d. Administration and Financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

11. PROPERTY SALE DEPOSIT

The Corporation made a commitment to sell its Little Mountain property in 2008. The date of transfer of the property is conditional upon zoning approval by the City of Vancouver. The transfer will result in a material gain on sale, the amount of which will not be determinable until the title to the property is actually transferred.

12. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2009.

a. Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (Note 4).

b. Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to foreign exchange risk.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commissions ability to borrow directly from the Provincial Treasury.

d. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Corporation is not exposed to market risk.

e. Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

13. CAPITAL DISCLOSURES FOR NOT-FOR-PROFITS

The Corporation considers its capital to be its net assets invested in properties, group home replacement reserves, self insurance reserves and unrestricted net assets. The Corporation's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide housing services. Annual budgets are developed and monitored to ensure the Corporation's capital is maintained at an appropriate level.

As a Crown corporation, the Corporation cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

Glossary

PROGRAM ACRONYMS AT A GLANCE

AHI – Aboriginal Housing Initiative

CPI – Community Partnership Initiatives

HEF – Housing Endowment Fund

ILBC – Independent Living BC Program

PHI – Provincial Homelessness Initiative

RAP – Rental Assistance Program

SAFER – Shelter Aid for Elderly Renters Program

SRO – Single Room Occupancy Hotel

Aboriginal Homeless Outreach Program: Homeless Outreach workers directly engage homeless Aboriginal people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Aboriginal Housing Initiative (AHI): Provides funding to develop new, affordable housing for Aboriginal people living off-reserve, meeting long-term Aboriginal housing needs.

Affordable Housing: When housing costs do not exceed 30 per cent of a household's gross income, housing is considered affordable.

Assisted Living: Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system and light housekeeping.

Community Partnership Initiatives (CPI): Community Partnership Initiatives help our housing partners create a range of innovative housing projects for people in need. CPI offers one-time grants, access to consulting services, and construction and long-term financing for projects that do not need ongoing operating subsidies.

Cooperative Housing: A housing development in which individual residents own a share in the cooperative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse as if they were owners and the right to vote for board members to manage the cooperative. Each member has one vote and members work together to keep their housing well-managed and affordable.

Core Housing Need: Households in core housing need are those individuals who currently reside in housing that is either in need of major repair, does not have enough bedrooms for the size and makeup of the household, or costs 30 per cent or more of their total income, and who are unable to rent an alternative housing unit that meets these standards without paying 30 per cent or more of their income.

Emergency Shelter: Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

Emergency Shelter Program: The program offers temporary shelter, food and other services to meet the basic nutritional and hygiene needs of people who are homeless as well as providing a gateway to support services that help individuals to re-stabilize their lives. There are approximately 60 homeless shelters and drop-in agencies funded by the government throughout British Columbia.

Group Home: A small, community-based development, usually under 10 beds/units, that provides affordable housing with supports to those with special needs including individuals with severe mental and physical disabilities, youth, and women with their children fleeing abuse. BC Housing provides administration and property management support for group homes on behalf of other provincial ministries and health authorities.

Homeless Outreach Program: The program connects homeless people to income assistance, housing and community-based health services in over 40 communities across the province.

Housing Endowment Fund: The fund is a \$250 million capital endowment that was established to encourage new ideas and support innovative housing solutions. The investment revenue is paid out in keeping with the mandate and purpose of the Housing Endowment Fund. The intent is to allocate available revenue on an ongoing basis each year.

Homeless Rent Supplement: Through the Homeless Outreach Program and the Aboriginal Homeless Outreach Program, outreach service providers may provide clients with a rent subsidy for housing in the private market.

Housing Providers: Non-profit housing societies and housing cooperatives that own and manage subsidized housing developments. This term can also include private-market landlords through whom BC Housing provides rent assistance to low-income households.

Independent Living BC (ILBC): Created in 2002, this housing-for-health program serves seniors and people with disabilities who require some support, but do not need 24-hour institutional care. ILBC offers a middle option to bridge the gap between home care and residential care. Through Housing Matters BC, the Province is committed to providing 5,000 affordable assisted living apartments for B.C. seniors and persons with disabilities. To date, more than 4,000 units have been allocated in communities across the province.

NIMBY (Not-In-My-Back-Yard): Community opposition to new social housing developments based upon fear, assumptions and stereotypes that some people may harbour about the individuals that will live in these developments.

Non-Profit Housing: Rental housing that is owned and operated by community-based, non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low to moderate incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the direction of a volunteer board of directors.

Olympic Legacy Housing: An agreement between the Province of British Columbia and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) will create up to 156 units of permanent affordable housing for people most in need across B.C.

Operating Budget: The annual budget for a non-profit or cooperative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine the subsidy level BC Housing provides each month to run the building.

Operating Subsidy: BC Housing provides monthly subsidies to organizations to fund the costs of operating subsidized-housing units. The subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from tenants. Subsidy payments include rent subsidies/repayable assistance and cover the mortgage payments, building maintenance and other shelter-related costs.

Provincial Homelessness Initiative (PHI): BC Housing provides funding for non-profit housing developments with support services that address homelessness in B.C. communities. Through Housing Matters BC, the Province has committed to creating nearly 4,000 new and upgraded supportive housing units across B.C.

Public Housing: Housing that is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Rental Assistance Program: The program is for low-income, working families with at least one dependent child and a household income of less than \$35,000. Cash assistance is paid directly to eligible households to assist these families in meeting monthly rent payments in the private market.

Glossary (continued)

Seniors' Rental Housing (SRH): The Province is working in partnership with the federal government's contribution to develop up to 1,000 new affordable housing units for seniors and persons with disabilities and stimulate local economies by developing new affordable rental housing in smaller communities across B.C.

Seniors' Supportive Housing (SSH): A program to upgrade or convert up to 750 subsidized housing units to supportive housing. The program provides specially modified rental homes, in selected subsidized housing developments, primarily to low-income seniors who need some assistance in order to continue to live independently.

Shelter Aid for Elderly Renters (SAFER): The SAFER program provides direct cash assistance to eligible residents of British Columbia who are age 60 or over and pay rent for their homes.

Single Room Occupancy Hotel (SRO): Single room occupancy hotels provide long-term accommodation in single rooms, typically without private bathrooms or kitchens.

Social Housing: Includes both public housing and housing that is owned and managed by non-profit and cooperative housing providers.

Subsidized Housing: Encompasses all types of housing for which the provincial government provides a subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent assistance for people living in private-market housing. It also includes emergency housing and short-term shelters.

Supportive/Supported Housing: Housing that provides ongoing supports and services to residents who cannot live independently and are not expected to become fully self-sufficient.

Supportive Housing Registration Service (SHR): With the goal to facilitate the transition from homelessness and emergency shelter use to permanent, supportive housing, SHR provides a single point of access for applicants seeking low-barrier supportive housing. The service manages the allocation of supportive housing units in the Vancouver SROs acquired by BC Housing and select City of Vancouver-owned supportive housing sites.

The Housing Registry: Centralized database of applicants' information and housing provider information coordinated by BC Housing. It allows individuals to apply for housing with multiple service providers using one application form.

Transitional Housing: Housing that is provided for a minimum of 30 days and up to two or three years, which includes the provision of on- or off-site support services to help people move towards independence and self-sufficiency. Transitional housing is often called second-stage housing and includes housing for women with their children fleeing abuse.

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